

# The NATIONAL UNDERWRITER

*Life Insurance Edition*

2

2nd CONVENTION DAILY

MS. LAB.



SEP  
1938 27

AIR VIEW OF HOUSTON: GREAT SOUTHERN'S HOME OFFICE SHOWN IN CIRCLE; NEW CONVENTION HALL IN CENTER FOREGROUND.

*Welcome*  
NATIONAL ASSOCIATION of  
LIFE UNDERWRITERS

We are honored that our city was chosen as this year's convention site and we place ourselves at your service.

E. P. GREENWOOD, President

**GREAT SOUTHERN  
LIFE INSURANCE COMPANY**

HOME OFFICE: 401 Louisiana Street  
HOUSTON

THURSDAY, SEPTEMBER 22, 1938

**WE EXTEND**

# Greetings



to the **MEMBERS** of the National Association of Life Underwriters in convention assembled at Houston, Texas, and commend its officers in their 1938 Campaign "To vigorously promote a program to advance public knowledge of legal reserve life insurance and its uses."

High achievement is attained through *strong, capable management* along the lines of the intelligent promotion of public service through the individual. We offer this intelligent service through well trained representatives, and modern policies arranged to cover every life risk.

The Kansas City Life *agent* is equipped to render this individualized service and behind him stands this Company's Record of Achievement through its *fair dealing* with its policyholders and capable solution of their problems.



## KANSAS CITY LIFE INSURANCE COMPANY

**Kansas City, Missouri**

# The NATIONAL UNDERWRITER

SEPTEMBER  
22, 1938

## St. Louis by Acclamation for 1939

### Myrick Selected for Trustee Post, Breaking Slate

Andrews, Colborn, Hedges,  
Taggart, Yates and Duff on  
List—Wright for Secretary

Convention Headquarters  
Rice Hotel, Houston, Texas

For the first time since the 1932 meeting the slate submitted by the nominating committee was broken at the adjourned meeting of the national council late Wednesday afternoon to select a list of officers and trustees to be voted on by the association Friday, when Julian S. Myrick, Mutual Life of New York, New York City, was placed on the ticket for membership on the board of trustees, although he had been left off of the list submitted by the nominating committee, headed by O. D. Douglas, Lincoln National Life, San Antonio. Mr. Myrick stood third in the number of votes received, with his name written in on the official ballot.

The only contest was over the trustees, the slate of officers submitted by the nominating committee being approved unanimously, including:

President, Holgar J. Johnson, Penn Mutual, Pittsburgh.

Vice-president, C. J. Zimmerman, Connecticut Mutual, Chicago.

Treasurer, Robert L. Jones, State Mutual, New York City.

Secretary, Harry T. Wright, Equitable Society, Chicago.

The selection of Mr. Wright for secretary caused a vacancy on the board of trustees, so that there were seven to elect. The committee submitted nine names and the nomination of Mr. Myrick from the floor raised the number to ten. The successful candidates, in the order of the number of votes received, were:

W. H. Andrews, Jefferson Standard Life, Greensboro, N. C.

Earl F. Colborn, Connecticut Mutual, Rochester, N. Y.

Julian S. Myrick, New York.

Herbert A. Hedges, Equitable Life of Iowa, Kansas City.

Grant Taggart, California-Western States Life, Cowley, Wyo.

John W. Yates, Massachusetts Mutual, Los Angeles.

W. M. Duff, Equitable Society, Pittsburgh.

The first six will serve for full two-year terms and Mr. Duff for one year. Others recommended by the nominating committee, who did not quite "make the grade," were A. LeRoy

CONTINUED ON PAGE 40



Top row (left to right)—E. W. Owen, Sun Life, Detroit; J. M. Hughes, manager New York City association.

Second row—Frank Falkstein, Aetna Life, San Antonio; F. H. Haviland, vice-president Connecticut General Life.

Third row—H. E. North, San Francisco, vice-president Metropolitan Life; A. L. Johnson, Sun Life, Jacksonville, Fla.; H. K. Schoch, Aetna Life, Detroit.

### Solid Program, Less Drama in Thursday Session

M. A. Linton Gives Thoroughgoing Treatise on Level Premium Insurance

Convention Headquarters  
Rice Hotel, Houston, Texas

Most of the theatrical impulses of the program planners for the Houston convention of the National Association of Life Underwriters were exhausted in the Cecil DeMille style opening session Wednesday morning in the auditorium and by the time the Thursday session was well under way the audience settled back for a program of speeches, with an absence of lady trumpeters, animated maps, tableaux, etc.

As usual the first part of the Thursday morning session was devoted to the conferment exercises of the American College of Life Underwriters. C. J. Zimmerman of Chicago, national secretary and vice-president all-but-elect, was the presiding officer. He had wanted to introduce some dramatic effects in connection with the conferment exercises, but Dr. David McCahan, dean of the college, feared that too much swing might be injected into a pedagogical function, and Mr. Zimmerman contented himself with an introductory stunt, featuring a recorded voice.

#### Theatrical Team

Mr. Zimmerman and President O. Sam Cummings made a great team in arranging the convention. They both had the desire to stage something unusual and dramatic, and they both had the capacity to do it. They had at hand Mrs. Olivia Orth Hewitt, an accomplished theatrical director, whose husband is in Mr. Zimmerman's Connecticut Mutual agency. Mr. Zimmerman was convention program chairman.

Wednesday morning's performance was a real extravaganza. The stunt of introducing trustees by having those dignitaries pop their heads through apertures in a huge map was a sensation for the audience. It was ticklish business for some of the performers. Robert L. Jones of New York, national treasurer, who is on the other side of 70, for instance, was perched precariously on a ladder behind the map with his head emerging from Broadway and 42nd street, and Mrs. Jones was out in front displaying nervousness. The southerners, however, enjoyed firmer footing.

The auditorium was kept in darkness throughout the preliminaries, with the spotlight on the actors and speakers. The press representatives were groping around in the darkness, not knowing that they were expected to serve as dramatic critics.

The auditorium is an excellent meet-  
CONTINUED ON PAGE 34

# Separate Insurance, Separate Investment Advocates Ignore Hard-Won Lessons

By M. A. LINTON  
President Provident Mutual Life

Every so often it appears necessary to review fundamental principles and as it were to relearn the hard-won lessons of the past. This is especially true in the realm of economics and of political government where time-tested principles are now having to stand the assaults of inexperience and of plausible theories based upon false but alluring premises. It is not surprising, therefore, that in our own institution of life insurance we should be witnessing something of a similar kind. Despite the impressive record made by life insurance in this country for nearly a century, and especially during the greatest of all depressions, we find persons here and there who profess to believe that the basic principles underlying level premium life insurance can be improved upon.

It is most interesting to observe how depression conditions have revived the old slogans of the days when assessment insurance was being advanced as the ideal form of protection. Now, as then, we hear the cry, "Pay only the cost of pure life insurance protection. Do not be so foolish as to pay more, so that the life insurance company can

build up a reserve. Keep the reserve in your own pocket by separating the protection and the savings features of the level premium policy and invest your savings independently."

The theme is expanded in most plausible ways and the end result is the recommendation of renewable term insurance as the solution of all of one's life insurance problems. In fact we are told that it is the only form of life insurance for the astute policyholder to own; that if he buys anything else he is being misled by the representatives of the life insurance companies who are out to fleece him. The controversy, therefore, has plenty of zest, not to mention a certain degree of humor.

Level premium life insurance can best be understood by looking upon it as a combination of a savings element which accumulates a reserve and of a pure insurance or protection element which decreases as the reserve accumulates. The amount of the protection element is always such that when added to the then current reserve it will equal the face of the policy. When the policy becomes a claim by death, the life insurance company takes the re-

serve, draws upon its general mortality fund for the then current amount of the insurance protection and thus makes up the sum which is paid to the beneficiary.

In passing, it may be pointed out how absurd is the claim, sometimes advanced by advocates of the pure protection theory, that in the event of death the life insurance company confiscates the reserve under a level premium policy. The fact of course is that the company pays out the reserve to the beneficiary who therefore receives it as a part of the full amount due under the policy.

If, therefore, level premium life insurance is in essence analogous to a combination of a savings element and a decreasing insurance element, it would appear possible to duplicate it substantially by carrying decreasing renewable term insurance and investing the savings element in a separate fund. That is the program of the pure protection advocates who argue that the life insurance company should be used simply to carry the pure insurance risk, and that the difference in cost as compared with level premium life insurance

should be invested independently. They claim that the double-barreled separate insurance-separate investment program will yield a larger interest return and pay more to the beneficiary; and that the policyholder will gain by greater flexibility in dealing with the accumulation of the savings element. We are told that renewable term insurance is exceedingly cheap and is so much of a bargain that the companies do not like to sell it.

There is no doubt that term insurance appears to be a bargain for the reason that its initial cost is roughly only about one half of the premium under an ordinary life policy taken at the same time. Appearances fail to take into account that the ordinary life policy involves the two elements of protection and savings, and hence must require a larger premium than a policy furnishing protection only.

The claim that renewable term insurance is a bargain is pure illusion. Experience has shown that despite the low initial cost it is the most expensive kind of protection a person can buy. The primary reason is the high mortality rate encountered under this form of insurance. This results from the reaction of human nature to the increase in the premium rate which occurs every time a renewal date rolls around. Starting out say at age 35, it may appear desirable to pay only \$9 a year for a \$1,000 term policy as compared with \$21 for ordinary life. However, as time goes on, the term premium increases so that in the middle fifties its cost overtakes and then exceeds that of the ordinary life. At age 65, if protection is to be continued, the policyholder who has been carrying term insurance will have to pay about \$80 per thousand each year for the rest of his life, whereas the ordinary life policyholder will still be paying at the original \$21 rate corresponding to age 35 at issue.

## More Theory Than Fact

If we observe a thousand persons starting out with renewable term insurance, we find that as time goes on a number become dissatisfied with it as part of a long range life insurance program. They begin to see where it will lead in the matter of cost, particularly after a few increases in premium have occurred. The theory as to the separate investment fund is found to be more theory than fact. They begin to see the advantages of a form policy combining the protection and savings elements under which the premium does not increase with advancing age. If they are in good health, they are likely to change over to the level premium plan either in their own or in another company. If they are in poor health, they are likely to hold on to their term insurance. Naturally, if they are not going to live long, why pay the life insurance company any more than the bare minimum required to maintain the policy in force?

As a consequence, experience has shown that, on the average, the poorer risks retain their renewable term policies. Therefore the mortality rate increases as the years pass by and becomes much higher than the mortality rate under life and endowment policies taken originally at the same time and at the same age as the renewable term policies. This results in a higher cost for the separate term insurance than for the insurance protection element in the level premium policy. Instead of

CONTINUED ON PAGE 22



Top row (left to right)—Carl Peterson, vice-president Northwestern National Life; H. V. Jackson, Occidental Life, Houston; Charles F. Collins, agency secretary, New England Mutual; Roy Redheffer, New England Mutual, Dallas. Second row—Roger B. Hull, managing director, National Association. (Above)—Karl Ljung, assistant secretary; Ralph Price, vice-president; Horace Smith, Houston general agent; Julian Price, president; E. C. Klingman, superintendent of agents—all Jefferson Standard. (Below)—Robert L. Jones, State Mutual, New York, and Mrs. Jones.

# Sales Panel Is Marked Success

## Real Simplified Selling Possible in Home Interview

### Plan Used by Industrial Men in Sale of Ordinary Policies Explained

Speaking on the "simplified selling" panel, John D. Moynahan, manager Metropolitan Life in charge of the western suburbs of Chicago, told how the plan followed by the industrial men fits in with that designation. He said:

"Perhaps the greatest exponents of 'simplified selling' in our business today are the well qualified representatives of industrial companies. These men devote a considerable portion of their canvassing time to the sale of moderate sized income contracts to the heads of average American families.

"It may be interesting to note here that these men make between 35 and 40 ordinary sales per year in addition to their industrial work.

"Most of their interviews are in the prospect's home—in the evening. Compare the technique required to obtain an interview at an office or plant with going up to the front door of a man's home in the evening and asking for him by name. The only person we tell our business to is the prospect himself. To wait much longer than a minute or two is unusual. Yet even expert underwriters who call by appointment at the prospect's office do exceptionally well if they average less than five minutes' wasted time per interview.

"Then in an office interview is the process (which requires considerable technique) of getting the prospect's attention, first off his business, second, to himself and then to the consideration of his family's needs. When we enter the door of our prospect's home the ideal situation is ready made. There may, of course, be interruptions, but they are the kind that give the words of our sales presentation life and reality, whereas office interruptions are almost invariably distracting. Sometimes an interruption puts an abrupt end to a sales interview which was progressing beautifully.

### Simplest Presentation the Best

"The advantages just mentioned in favor of the home interview can be easily lost if the underwriter indulges in a complicated or long drawn out sales presentation. The whole idea must be simplified from approach to close, regardless of how much time or thought may have been devoted to preparation for the interview.

"Nothing we have found contributes more to a well controlled interview than a visual aid. The sales talk may be virtually a 'word for word' talk or simply a 'tracked' talk according to the preference or natural aptitude of the underwriter but pictures plus a simple chart are essential to control. Practically all companies offer effective visual aids and in addition some excellent visual aids are available through insurance publishing houses. I have yet to see one which would not be more effective if used in the prospect's home than

CONTINUED ON PAGE 29

## Adequate Readjustment Income Is Widow's Need

By MARTHA WASHBURN ALLIN  
Connecticut Mutual, Minneapolis

I usually use a program or income approach even on small cases. The ideas I wish to present to you are equally to the point for programming or for a package sale; namely, a sale of sufficient readjustment income so that a widow can make her plans with such peace of mind as at least temporary security can give her. I believe that a fixed income has its dangers and difficulties unless accompanied with an adequate clean-up fund and a reasonable readjustment income.

I wish to speak to you not so much from an underwriter's point of view as from that of a widow, trying to help take care of other widows and the problems they have to meet, when death comes into the family. To make it a little more interesting to you, I am going to ask you to use your imaginations:

I am not Mrs. Allin, a widow of some year's standing, but a recent widow in her 30's, the widow of a Frank Smith, who earned \$5,000 per year. I am talking with my husband's insurance man about the settlement provisions of his insurance.

### \$1,500 to Meet Bills

"Mr. Agent, what are the provisions in Frank's insurance you spoke of?"

"He arranged that we pay you \$1,500 to meet the bills and \$100 per month until the boy is grown, then \$50 per month for you for life, Mrs. Smith. It gives you security of income."

"Yes, that's so, but \$1,500 for the bills, why his last illness alone cost \$1,800, and there is the undertaker, and my lawyer tells me all the income and real estate taxes have to be paid. Surely you can arrange for me to have some extra money to meet those obligations?"

"No, it's settled as he wanted it. He

thought \$1,500 would be enough. The \$100 per month will start right away."

"But I can't start in debt, and how can I even keep this house on \$100 per month. It costs \$40 per month just for the taxes, insurance and repairs."

"Well, Mrs. Smith, Frank thought it would be too big for you."

"But I can't sell it until spring and maybe not then, except at a poor price, and I have to live here now. I can't stand any more upset. I'm tired from weeks of nursing and worry. This isn't just a house and my job. It's my home tied up with all the old life. And what can I do about John? He must finish high school. It's my best possible investment to give him his chance. Won't you ask your company to give me a little more money now and less later? You see I can find work. I can go back to my old work, if I have a year to brush up on it. I can get the right kind of job. The business world is full of women. I know a lot who are working and making some money, but I need time to find the right job, not just the first job that comes. Business is bad right now, too. Maybe I can't get into anything for six months or so. Surely you can fix all that insurance up so I can have a little more money for a year or two. Can't you give me time to plan the new standard of living?"

"I am sorry Mrs. Smith. It seemed good to both your husband and me to fix it so you would always have \$100 per month until the boy is grown, and so the arrangement could not be changed by you. It is a certain protection to you to have it this way. There is also, you know, \$2,000 to help John go to college."

"What good is that? I can't even keep

CONTINUED ON PAGE 39

## National C. L. U. Chapter Heads



J. H. REESE, Philadelphia  
Penn Mutual Life  
New National President



KELLOGG VAN WINKLE, Los Angeles  
Equitable Society  
Retiring President

## Trying to Sell Before Getting Facts Wasteful

### Technique of Obtaining Pertinent Information About Prospect Suggested

By EARL M. SCHWEMM

Manager Great-West Life, Chicago

The vital thing that makes a sale easier is to get the proper information regarding our prospect, to be obtained either from the center of influence or from the prospect during the interview. Today the accepted way to sell insurance is for some specific purpose or on the basis of planned insurance.

Both methods are based on needs. Under the first it is an individual definite need. Under the second it is more or less all inclusive. Planned life insurance makes the prospect aware of his insurance needs, and thus simplifies the sale.

### Era of Selling Needs

We are in an era of selling needs rather than policies. Not long ago we looked to the policy as the basis of our sale. It was the fine points in our policy that we wanted to put over. Today we look to the prospect for our sales points, because we are to sell insurance to fit the needs of this prospect.

I want to find the reasons for a sale in the prospect. I cannot intelligently make any recommendations until I know his needs and have obtained from him his objectives, and his ability to buy.

### How to Handle Prospects

Everybody stresses the importance of prospecting, and that having enough prospects is the main key to success in our business. I believe the stress should not be on prospects as such but on how to handle the prospects. We waste a lot of wonderful prospects because we attempt to sell when we are not ready to sell, i. e., the prospect has not been prepared for the sale. We have not uncovered the prospect's needs, and we have not made the prospect see the need that only insurance can solve.

### Standardizing the Needs

The agent should have some basic outline in his own mind of the fundamental needs of the average prospect. By such standardization he will better know how to get the individual prospect's objectives, and thus be in a position to recommend the proper insurance and its proper distribution.

As an example of such an outline:

(1) Cash for expenses arising out of the last rites; current bills, taxes, etc.; special needs, mortgage, etc.

(2) Income for family during dependency period.

(3) Life income for wife after dependency period.

(4) Emergency fund for illness, accidents or unexpected expenses.

(5) Educational fund for children, i. e., special provision.

(6) Any special requests.

(7) Old age income.

Illustrating the practical use of such an outline:

CONTINUED ON PAGE 36

# WELCOME TO TEXAS

## NATIONAL ASSOCIATION LIFE UNDERWRITERS

Our Business in Force and Assets have been more than doubled under present management since March, 1937.

## REPUBLIC NATIONAL LIFE INSURANCE CO.

*"Registered Policy Protection"*

Home Office

THEO. P. BEASLEY  
Pres. & Gen. Mgr.

DALLAS, TEXAS

THOMAS M. MOTT  
Sec'y & Actuary

## C. L. U. Should Maintain 50 Lives a Year Pace

By DR. JOHN A. STEVENSON  
Executive Vice-President Penn Mutual

During the past two or three months you as C. L. U.'s received a questionnaire asking you to give your production during 1937 and for the first six months of 1938; also to state the proportion of your time devoted to personal production as compared with the time, if any, devoted to managerial or supervisory work.

In response 723 cards were received in which the information given was sufficiently complete to provide a clear picture of the individual C. L. U.'s production.

Year	No. of Cards	No. of Cases	Total No. of Cases	Average Volume Produced	Average Volume Produced	Average Amt. of Each Case
1937*	261	13,397	51	\$82,001,338	\$314,181	\$6,121
1938** (6 months)	254	6,213	24	\$40,148,792	\$158,066	\$6,462

\* 1 group case, \$800,000, excluded.

\*\* 2 group cases, \$6,512,000, excluded.

Among this group of 723 C.L.U.'s, 481, or 67 percent, had assumed managerial or supervisory responsibilities. When an analysis of activities of the first 400 C. L. U.'s was made, the number of those engaged in supervisory or managerial work was 37 percent, so to an increasing extent, the companies are selecting those with a C. L. U. background for agency positions in which leadership qualities are necessary.

### Average Production Figures

For calculating average production, we drew the dividing line to include those C. L. U. members who were devoting at least 75 percent of their time to personal selling. The records of those who are devoting at least 75 percent of their time to personal production, should make us all sit up and take notice.

In 1937 there were 100 C. L. U.'s in the \$250,000-\$500,000 class; 26 in the \$500,001-\$1,000,000 class; seven in the \$1,000,001 and over.

In the first six months of 1938, the comparative numbers were 75, 29 and six.

It would delight me greatly to have charge of an agency composed of 261 men and women whose average number of cases last year was 51, whose average case was over \$6,000 and whose average volume was over \$300,000. I might boast if the record for the first six months of 1938 compared so favorably with that of 1937, while the reports of the Life Presidents Association showed a decrease of about 22 percent both in ordinary and total life insurance sold during the first half of this year as compared with the same period in 1937.

### Results in One Company

I have the report of one company in which there are 136 C. L. U.'s, 106 of whom devote their full time to personal production.

The average production of 136 C. L. U.'s was \$203,000; average production of 103 full-time C. L. U.'s \$221,000.

The 136 C. L. U.'s representing 2.93 percent of field force paid for 11.5 percent of business.

While paid business of entire company fell off 9.9 percent from June 1, 1937 to May 31, 1938, as compared with corresponding period in 1936-1937, the same C. L. U.'s who during the previous agency year (1936-1937) produced \$25,710,062 finished this agency year (1937-1938) with \$25,954,812.

### Aids Daily Activities

In the spring of 1938 the American College asked all candidates already registered for the examinations to answer the question: "Do you think the knowledge gained in your C. L. U. studies has improved the quality and

quantity of your personal production, or has been of help to you in any managerial functions you perform?" "Yes" was the answer given by 655 of the 763 who returned the forms. Only 10 indicated that they had received no benefits from the study, 11 were uncertain, and 87 failed to answer. Over 85 percent, therefore, stated that they had been definitely helped in their daily activities.

The American College founders hoped that in the life insurance business the C. L. U. designation should

play the same role as the C. P. A. plays in the business of accounting. Practically every man who enters the latter field looks on the matter of acquiring the C. P. A. designation, not merely as an honor, but as part of the necessary equipment for a successful career. We want the C. L. U., eventually, to have the same significance in the field of life underwriting, and it will have if, when the plan is developing, every C. L. U. will see that his personal production, both in quantity and quality, is a testimonial to the value of C. L. U. work.

### Threefold Responsibility

All you who have won the designation shoulder a threefold responsibility as the C. L. U. enters its second decade: 1. To the C. L. U. group; 2. To the insurance business as a whole; 3. To the public.

No important cause was ever started without a certain amount of opposition from some source and we can't expect the C. L. U. movement to form an exception to this rule.

Criticism has arisen largely from the records of a very few underwriters whose C. L. U. keys were merely watch-chain ornaments which gave evidence that they had passed a certain number of examinations without attesting to any ability for making a success of the type of work which they had chosen to undertake.

### Minimum Standard

The C. L. U. records I have quoted show how far in the minority are those whose performance is inadequate, judged even by the high standards that we expect from C. L. U.'s. But we are bound to be judged by success standards rather than by intellectual standards, and the agencies and companies are bound to form their opinion of the value of C. L. U. work from the records of individuals who have received this degree, the greatest contribution each of you can make toward the success of the movement, is to make your leadership felt so that the new men coming into the agency will take the attitude: "Sure, I've got to have a C. L. U."

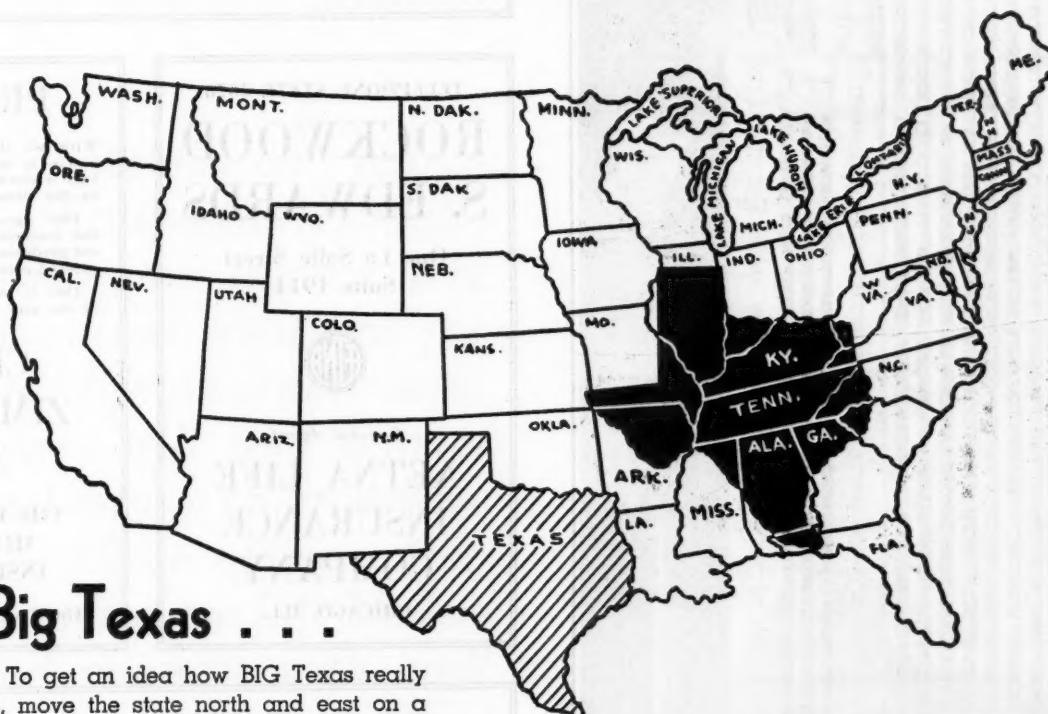
I wish that a minimum standard of effort could be the accepted philosophy of every C. L. U. to the extent that it becomes part of the college tradition for each C. L. U. to produce not less than 50 well-served cases a year. When we reach that point we'll never again have to make any statements as to the value and importance of the C. L. U. designation.

W. E. White, vice-president Continental Assurance, Chicago, and Charles Cravens, educational director, represent the home office of that company.

# **GREETINGS to the National Association of Life Underwriters**

and Congratulations on the Progress Made  
Under the Splendid Leadership of Our  
Friend and Fellow Texan,

# O. SAM CUMMINGS



# **Big Texas . . .**

To get an idea how BIG Texas really is, move the state north and east on a United States map and it will cover up all of Tennessee and Kentucky, nearly all of Illinois and Alabama, half of Arkansas, with good-sized portions of Indiana, Georgia, Missouri, Virginia, West Virginia, North and South Carolina, Florida and Mississippi.

Southwestern Life, one of the nine American companies in the 300 to 500 million bracket of insurance in force, with ten easily accessible branch offices, operates exclusively and economically in BIG Texas—the state with as many varied resources, climates and incomes as many other states combined.

# **Southwestern Life Insurance Co.**

**C. F. O'DONNELL, President**

**Home Office ... DALLAS**



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Rates and Floor Plans on Request

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## THE TEST —

*What do you expect of an agency?*

You want competency, don't you? And speed . . . protection . . . a strong company . . . modern facilities . . . progressive spirit . . . and friendliness.

We believe we measure up to all these requirements. But you're the judge — test us yourself!

## E. W. HUGHES

*General Agent*

Massachusetts Mutual Life Insurance Co.

One La Salle Street Bldg.  
Suite 1616

Chicago, Illinois  
Phone RAN 0060

TELEPHONE STATE 3378

## ROCKWOOD S. EDWARDS

One La Salle Street  
Suite 1914



*General Agent*

AETNA LIFE  
INSURANCE  
COMPANY

CHICAGO, ILL.

## PRESTIGE!

With all the fine qualities it embraces is not a mushroom growth. Like a sturdy oak, it has been tested by the elements of time.

This Agency, for 32 years under the leadership of Samuel T. Chase, our predecessor as General Agent, has enjoyed prestige of the highest order.

This is our rich heritage. It will be our aim to maintain it.

Charles J.  
ZIMMERMAN

Agency

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MUTUAL LIFE  
INSURANCE CO.

One La Salle Street, Chicago

*John Hancock*  
MUTUAL  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

WILLIAM M. HOUZE  
GENERAL AGENT

One La Salle Street Building

Telephone: Randolph 9336

CHICAGO, ILL.

# AGENCIES LOCATED IN LA SALLE STREET BUILDING

*the Center of Chicago*

**O**NE LA SALLE STREET BUILDING is the recognized Life Insurance Center of Chicago. Relatively few of the large life insurance companies are without agency representation in this modern up-to-date building, located at La Salle and Madison Streets.

The General Agents and managers with offices at One La Salle Street whose names appear here have unequalled facilities for handling all life insurance business. Brokers will find prompt and unusual service on brokerage business at these offices. Men who desire to become Life Underwriters and connect with well established organizations that will give helpful aid will find an opportunity awaits them.

Here are some of the most progressive and modern producing organizations offering the finest service on life insurance to be found anywhere in the country.

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GENERAL AGENTS

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Life Insurance Co.

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Inc. 1851

\*

Byron C. Howes

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Phone Randolph 2224

An agency with a soul—permeated  
with an atmosphere of congeniality  
and the will to do.

## MARC A. LAW

General Agent

\*

## NATIONAL LIFE

### INSURANCE COMPANY

Home Office MONTPELIER VERMONT

Purely Mutual—Established 1850

Telephone Central 2500  
1835 One North La Salle St.

## FREEMAN J. WOOD

GENERAL AGENT

Lincoln National Life Insurance Co.



18TH FLOOR

ONE NORTH LA SALLE ST.

Telephone Central 1393

*Men  
of Experience Choose*

# FEDERAL

CHICAGO'S OLDEST LEGAL RESERVE COMPANY

Federal Life has contracted more men of ability and experience, men of proved managerial calibre, during the first eight months of 1938 than during the last half dozen years combined.

**The reason:**

Federal's far-sighted program of Home Office assistance in agency building, Federal's aggressive sales development program, and Federal's new STREAMLINER combination policies . . . providing complete life-accident-health protection in one contract . . . spell the answer.

Enthusiastic reports from the field say the Streamliners just sell themselves. They get away from all objections to more life insurance. Sales resistance disappears before them.

Men of experience and ability who seek an opportunity to build a business of their own, with adequate financial security for their loved ones, find it here.

## FEDERAL Life Insurance Co.

ISAAC MILLER HAMILTON, President

CHICAGO, ILLINOIS

### Convention Celebrities



Top row (left to right)—Helen Summy, Equitable Society, St. Joseph, Mo.; Helen Rockwell, National Life, Cleveland; Beatrice Jones, Equitable Society, New York.

Second row—J. S. Smith, Sr., Aetna Life, Houston; J. S. Smith, Jr., Aetna Life, Huntsville, Texas.

Third row—Jul Baumann, Pacific Mutual, Houston; H. K. Cassidy, Pacific Mutual, San Francisco; W. H. Andrews, Jefferson Standard Life, Greensboro, North Carolina.

Fourth row—A. Leroy Johnson, Sun Life, Jacksonville, Fla.; Lee Denson, Jefferson Standard, Jackson, Miss.; O. D. Douglas, Lincoln National, San Antonio; Steacy Webster, Provident Mutual, Pittsburgh.

# LOS ANGELES



## SALUTES

### THE NATIONAL ASSOCIATION OF LIFE UNDERWRITERS

The Managers and General Agents of Los Angeles shown on this page take this means of extending felicitations to the N.A.L.U. assembled in Houston. We congratulate this great life insurance organization on its progress.

#### WILLIAM E. LEBBY

*State Manager*

MASSACHUSETTS INDEMNITY INSURANCE CO.

*Noncancelable Disability Insurance*

530 West 6th St.

Los Angeles



#### "THE PROUTY AGENCY"

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*General Agent*

THE CONNECTICUT MUTUAL LIFE INSURANCE CO.  
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#### W. K. MURPHY

*General Agent*

SOUTHERN CALIFORNIA

NORTHWESTERN MUTUAL LIFE INSURANCE CO.

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CALIFORNIA AGENTS

MASSACHUSETTS MUTUAL LIFE INSURANCE CO.

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*Manager*

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This great Mid-Western Institution invites your attention to its more than twenty-seven years of unsurpassed service in everything pertaining to the business of Life Insurance. Never has there been a flaw in the character of this service, and to our Policyholders, the Public, and our own Representatives, we pledge a continuation of the same conscientious and conservative management that has, since its beginning, given strength, character and integrity to this great institution, a product of the Middle-West.

*The*

**Farmers & Bankers**

LIFE INSURANCE COMPANY

Wichita, Kansas

*"Policies that Protect"*

H. K. LINDSLEY, President  
J. H. STEWART, Jr., V. P., Treas.  
F. B. JACOBSHAGEN, Secretary

## Snapped on the Mezzanine Floor

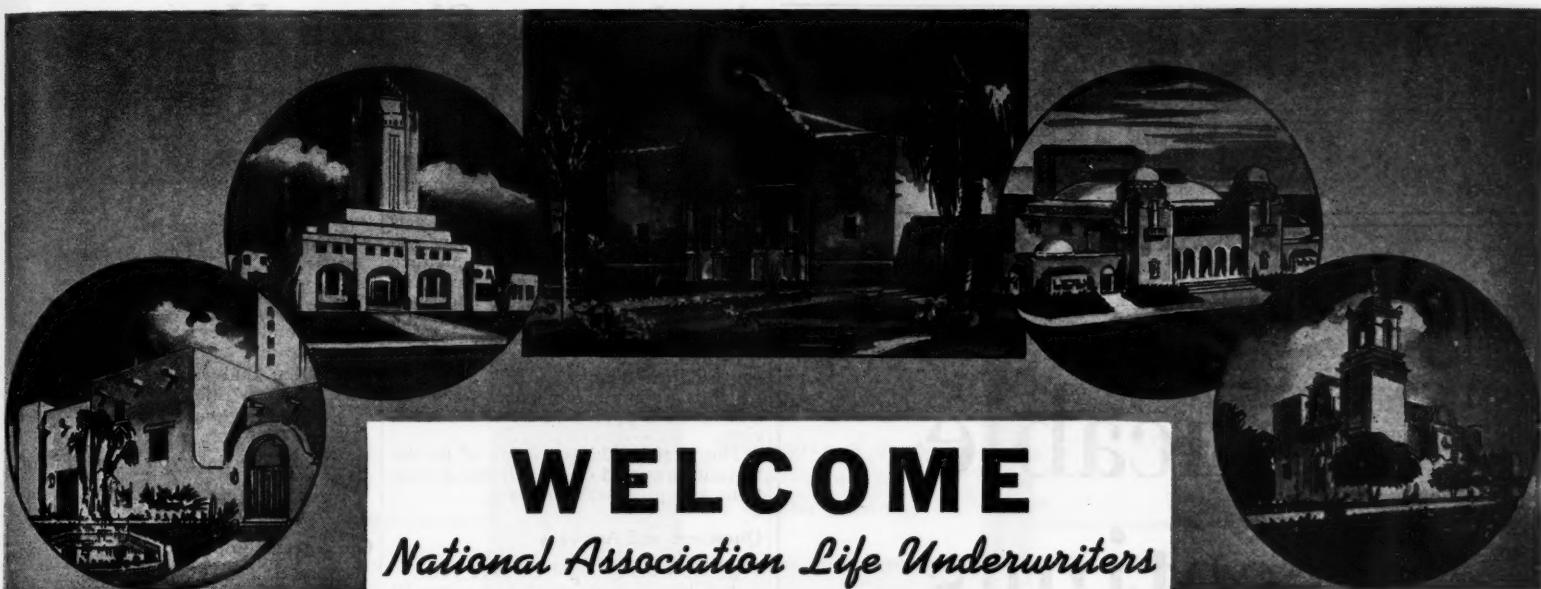


Top row (left to right)—Roderick Pirnie, Massachusetts Mutual, Springfield, Mass.; J. Hawley Wilson, Massachusetts Mutual, Peoria, Illinois.  
Second row—Mrs. Olivia Orth Hewitt and Edwin S. Hewitt, Connecticut Mutual, Chicago, Illinois.

Third row—W. J. Graham, vice-president Equitable Society; Dr. B. E. Wyatt, field staff, American College.

*Greetings from*  
**SCRANTON LIFE INSURANCE**  
**COMPANY**  
**SCRANTON, PA.**

WALTER P. STEVENS, President



# WELCOME

*National Association Life Underwriters*

• • •

**VISIT SAN ANTONIO** — the gateway to Mexico. See the Alamo and other missions; Randolph Field, the West Point of the Air; and Fort Sam Houston, the largest military post in the United States.

• • •

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of

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Covering South Texas

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General Agent

**CONNECTICUT MUTUAL LIFE INSURANCE CO.**

209 Frost National Bank Building

## **ELMER ABBEY**

General Agent, Life, Group and Accident Department

**AETNA LIFE INSURANCE COMPANY**

1002-1010 Alamo National Bank Building

## **B. A. WEIDERMANN**

Manager

**UNION CENTRAL LIFE INSURANCE CO.**

1420 Alamo National Bank Building

## **MATTHEW BROWN, C. L. U.**

General Agent

**GENERAL AMERICAN LIFE INSURANCE CO.**

326 Bedell Building

## **O. D. DOUGLAS**

State General Agent

**LINCOLN NATIONAL LIFE INSURANCE CO.**

1221 Majestic Building

## **LUCIAN T. JONES**

Agency Manager, Southwest Texas

**AMICABLE LIFE INSURANCE COMPANY**

201-12 South Texas National Bank Building

## **C. BEN ERWIN**

Agency Manager

**SOUTHLAND LIFE INSURANCE CO.**

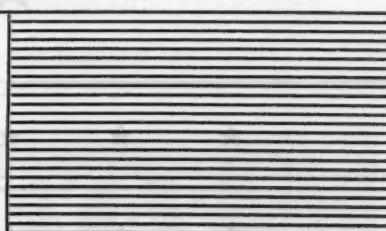
1424 Majestic Building

## **CHARLES D. BUBAR**

General Agent

**STATE MUTUAL LIFE ASSURANCE CO.**

Milam Building





# ★ Amicable greetings to

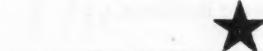
49th ANNUAL CONVENTION  
*of the*

NATIONAL ASSOCIATION  
LIFE UNDERWRITERS  
ASSEMBLED IN HOUSTON

# ★ Amicable Life Insurance Co.

AMICABLE LIFE BUILDING

Waco . . . Texas



## Anderson Shows How to Close in 15 Minutes

A. M. Anderson, Occidental Life, Pasadena, Cal., gave a sales demonstration in the simplified selling panel Thursday afternoon. Mr. Anderson acting as agent used his one interview system which made the approach, qualified the prospect, obtained the interview on a program basis, secured the necessary information and closed the business—all in one 15 minute interview.

In making the approach, Mr. Anderson used a folder "Figure It Yourself" which is a blank form devised for visual selling. The approach led into the interview.

The picture taking portion of the interview consisted of the following questions and prospect's answers.

### Questions and Answers

Q. How many children have you?  
A. I have a daughter 7 and a son 10.

Q. Your daughter will enter high school about the average age that most children do, age 14?

A. Yes.

Q. Then she will have seven more years in grammar school?

A. Yes.

Q. Will she have to eat during this period?

A. She certainly will.

Q. Then it will take a little money each month to buy those eats won't it?

A. Yes.

Q. A little more in high school?

A. Yes.

Q. Do you plan on sending her to college?

A. No I am old fashioned and think a girl's place is at home learning how to be a good wife and mother.

Q. How about your son? He will enter high school in about four years?

A. Yes.

Q. Do you plan on sending him to college?

A. Yes.

Q. How about your wife? Will she need income?

A. Yes.

Q. How long?

A. The rest of her life.

Q. If your present life insurance together with your other property is not enough to give her income that long, she should have it until the children are through school, don't you think?

A. Yes at least that long.

### Income at Age 65

Q. How about yourself somewhere around age 65, will you need income?

A. I am depending on my social security.

Q. So am I, but irrespective of where the money is coming from, the point is, are you going to need income when you are too old to work?

A. Oh: Sure.

Q. How much?

A. About \$100 a month.

Q. Maybe your present insurance will provide that amount. Do you know how much income your life insurance will provide at age 65?

A. No.

Q. Would you like to know?

A. Yes I would.

Q. About how old were you when you took your first policy?

A. Age 22.

Q. What kind was it?

A. 20 payment life.

Q. How much was it?

A. \$2000.

Q. How old were you when you took your second policy?

A. Age 28.

Q. What kind was it?

A. Ordinary life.

Q. How much was it?

A. \$5000.

Q. How old were you when you took your third?

A. That is all I have.

### Old Age Income \$30

Mr. Anderson then referred to a table on the back of the folder and showed the prospect that his two policies would provide an old age income of \$30.40. This surprised and pleased the prospect which stimulated his desire to continue.

By recording the answers to the questions on a black board the prospect's entire picture was exposed.

With this picture, Mr. Anderson decided not to suggest an amount necessary to provide a life income for the wife, because such an amount would require so much additional insurance that it would scare the prospect, so by adroit maneuvering, Mr. Anderson got the prospect to commit himself that his daughter needed \$12 a month in grammar school, \$22.50 a month in high school; that his son had to have at least \$12 in grammar school, \$22.50 in high school, \$45 a month in college, and that his wife would need a minimum of \$50 a month for herself until the children finished their schooling.

After obtaining these commitments Mr. Anderson again referred to the tables on the back of his chart and found that it required a total of \$12,000.

Subtracting the \$7,000 that the prospect already had, left an immediate need for \$5,000 additional life insurance.

Mr. Anderson then showed how by the use of settlement options the above program could be arranged by using both old and new insurance.

### Addresses Salesmanship Club

President O. Sam Cummings spoke on "Life Underwriters and Salesmanship" at a meeting of the Houston Salesmanship Club. He was introduced by Dave Bintliff, Houston general agent of the American National.

### Sun Life Contingent

From the Sun Life head office came W. S. Penny, director of agencies; George H. Harris, public relations officer, and Seth C. H. Taylor, assistant superintendent of agencies.

United States Senator Tom Connally of Texas, who was originally scheduled to address the public meeting Tuesday night, has been ordered to California by his physicians on account of his health.

Greetings from  
**STATE RESERVE LIFE INSURANCE CO.**  
FORT WORTH, TEXAS

# WELCOME

## THE O. SAM CUMMINGS AGENCY

State Managers for Texas

KANSAS CITY LIFE INS. CO.

Cummings Agency Bldg.

The life insurance capital of the southwest and the men who play a great part in making it so send greetings to the 49th annual gathering of the National Association of Life Underwriters assembled in Houston. May the sessions be productive of greater achievements for the business generally.

## A. W. HOGUE

Texas State Manager

## BUSINESS MEN'S ASSURANCE COMPANY

308-10 Tower Petroleum Bldg.

## J. P. ROBINSON

Supt. of Agencies, Southern Dept.

## WEST COAST LIFE INSURANCE COMPANY

1027-28 Liberty Bank Bldg.

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General Agent

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## H. THAD CHILDRE

General Agent

## STATE MUTUAL LIFE ASSURANCE COMPANY

OF WORCESTER, MASS.

507-8-9 Dallas National Bank Bldg.

# DALLAS

# N.A.L.U. ★★

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General Agent

## CONNECTICUT MUTUAL LIFE INSURANCE COMPANY

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## DENNIS G. COLWELL

Manager

## MIDLAND LIFE INSURANCE COMPANY

923 Republic Bank Bldg.

## W. A. DIFFEY

State Manager

## CAPITOL LIFE INSURANCE CO. OF COLORADO

510 Tower Petroleum Bldg.

## W. G. HARRIS & CO.

General Agents

## AETNA LIFE INSURANCE CO.

1301 Republic Bank Bldg.

## RICKS STRONG

General Agent

## JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY

Dallas National Bank Bldg.

# TEXAS ★★

# Controlled Energy Is Essential Element

By ERIC G. JOHNSON

Pittsburgh Supervisor and Associate General Agent, Penn Mutual Life

Successful production is the objective of every underwriter.

What are the primary elements that help a producer toward attaining successful results?

Let's analyze what these elements are.

First, a man's knowledge of his business; secondly, his sales technique; third, his ability to make contacts, and, in the fourth place, his energy output.

A man must have a working knowledge of the contracts his company sells, the company's position in the business, but above all, he must have a fundamental knowledge of people, their hopes and ambitions and a realization of the fact that life insurance is the one thing that helps men to fulfill their plans and objectives.

A sales technique has its part to play in the development of our business. By sales technique we mean that ability, which comes as the result of practice and experience, which helps us to more skillfully portray to the prospect those things which we want him to visualize in order that it will help him toward the goal of action.

Contact is a most important element in the development of anyone's business. A man who has the capacity and ability to contact better than average buyers will almost automatically produce better results than one who is forced by contact into a field of mediocrity. Although contact is an essen-

tial it is by no means the most important.

Producing a good volume of life insurance, involving a large number of lives, is rarely the result of accident. It is the result of the use of these first three elements—knowledge of our business, skillful technique, contacts—and then, the use of organized and directed energy.

In order to further refine this element of action or energy the next step is directed energy. The less the amount of available energy, the greater the necessity for more carefully directing it into profitable channels.

Controlled energy means carefully planned prospecting, carefully planned sales interviews.

## Young Man Discouraged

A young man had had rather a lean year and a half in the life insurance business. He was in a mental fog and about to give up the ship. He wasn't blaming the business and yet he wasn't blaming himself. As a matter of fact, he didn't know who or what was to blame for he had been a reasonably good salesman. He knew the life insurance business; he had average contacts; in spite of these facts he was not getting the results. He was faced with what is probably the most difficult problem in the life insurance business, particularly for the life insurance salesman—that of being the master of

his own destiny and having the ability to drive himself to the application of energy in sufficient quantities to produce business in paying quantities.

Before quitting, however, he decided to give this job one real fling for one more month. His daily program for 30 days was this:

1. To rise no later than 7 each morning.
2. To make his first call not later than 9:15.
3. Contact no less than 12 people each day.
4. Lunch every other day with a prospect.
5. Make no less than six evening appointments each week.
6. To set up the next day's schedule before retiring each evening.

## Still in Business

The net results were 14 applications completed during the month in a town of 4,000 population. That was two years ago. He is still in the business and is producing business in sufficient quantities to provide him an opportunity to build his own future financial security.

In other words, he has learned to stretch the extra inch or two and by extra energy has learned that he has a greater capacity to produce than he ever realized, and through this additional energy has made himself a successful producer.

While knowledge, technique and contacts are valuable assets, they are only valuable to the degree that they are harnessed with controlled energy.

## From Toronto by Motor

H. B. Berwick, supervisor of field service for Manufacturers Life, and Mrs. Berwick motored from Toronto for the Houston convention. Mr. Berwick attended an agency convention in Saginaw, Mich., on the way. They intend to drive back in leisurely fashion.

## Presides Over Session Held Thursday Afternoon



JOHN A. WITHERSPOON, Nashville  
John Hancock Mutual Life

## Col. Robbins Visits Members

Col. C. B. Robbins, manager American Life Convention, arrived in Houston Sunday after making visits to A. L. C. companies in Dallas and Waco. A. L. C. has 13 company members in Texas.

While friends of President O. Sam Cummings of the National association know that he has an unusually good voice, it probably is not so generally known that he was at one time a singer with Billy Sunday.

## REALIZATION vs. HOPE

The men whose pictures you see on this page are living examples of a definite plan in operation. Certain characteristics are common to each.

They are young men of character. They have demonstrated their ability to sell life insurance successfully.

They have a keen ambition to advance themselves in their chosen line of work. They are willing to work hard to satisfy that ambition. They are on the road toward realization of their desires.

### Why?

Because the Home Life has a definite plan of operation.

Because adjustments due to change of job or change of territory, etc., are facilitated by that plan. Because every possible assistance is given to enable them to demonstrate under favorable circumstances and without great sacrifice.

Because the Home Life Plan embraces definite activities, definite objectives and definite results. Because actual requirements and accomplished results receive prompt recognition.

The average age of these men is 33 years.

Their advancement has not been slow.

As each goes forward, another young man must step in line because the promotion of young men of ability is a continuing process in Home Life's company program.



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Washington, D. C.



D. D. JOHNS  
General Agent  
New York City



JOHN F. WALSH  
Resident Asst.  
Superintendent of Agencies  
Chicago



EDGAR S. HAZZARD  
Field Assistant  
New York



FRANCIS H. LOW  
Field Assistant  
New York



P. H. YEOMAN  
General Agent  
Baltimore



JAMES F. RAMSEY  
General Agent  
Chicago



JOHN H. EVANS  
Assistant Superintendent  
of Agencies  
New York City



A. HILLMAN HOLMBERG  
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## HOME LIFE INSURANCE CO.

256 Broadway

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*The Company of Opportunity*

# Leading Life Offices of Chicago

*The*  
**JAMES M. ROYER**  
*General Agency*

Our success rests upon the building of  
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Penn Mutual Life Insurance Company

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 C H I C A G O

★  
*The offices listed on this page are leaders in the life insurance field in Chicago. They believe in the National Association and for what it stands, and through this medium extend their cordial greetings to the 49th annual convention in Houston.*

## HERMAN C. HINTZPETER

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THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

Chicago's Greatest Agency

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 Equitable Life  
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General Agent

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Empire State Bldg. · New York City

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FRASER AGENCY**

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JOHN M. FRASER, General Agent

149 Broadway, New York

Tel. BARclay 7-9300

**JULIUS M. EISENDRATH**

GENERAL AGENT

The Guardian Life Insurance Co.

912-14 Empire State Bldg.

New York

CHICKERING 4-4400

**THE  
CHARLES B. KNIGHT  
AGENCY, INC.**

GENERAL MANAGER

The Union Central Life Insurance  
Company

225 Broadway, New York, N. Y.

Walter E. Barton, Pres. · Paul S. Ranck, Vice-Pres.-Treas.

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225 West 34th Street, New York, N. Y.

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DOWNTOWN AGENCY  
**THE PRUDENTIAL  
INSURANCE COMPANY  
OF AMERICA**

Gerald A. Eubank, Manager

40th Floor—40 Wall Street

New York

**JULIAN S. MYRICK**  
MANAGER

Mutual Life Insurance Company  
of New York

57 William St.—"The Ives & Myrick Agency"  
Tel. JOHN 4-4800

**LEON GILBERT SIMON**

Associate General Agent

**MARTIN T. FORD AGENCY**

Equitable Life Assurance Society

225-241 West 34th Street  
NEW YORK

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The fact that for the seventh successive year The Lamar Life led all companies in its home State in volume of similar protection speaks for itself.

We have some open territory for District Managers and Special Agents in:

ALABAMA  
ARKANSAS

LOUISIANA  
TENNESSEE

TEXAS

LAMAR LIFE INSURANCE COMPANY  
JACKSON, MISS.

SERVING HUMAN NEEDS SINCE 1906

## SEPARATE INVESTMENT ADVOCATES IGNORE PAST

### CONTINUED FROM PAGE 6

being a bargain, the renewable term policy turns out to be precisely the opposite. The real bargain is to be found in the protection element of the life or endowment policy.

Our own company used to issue renewable term insurance policies. However, experience led us to discontinue them in 1917. Recently we investigated the mortality among the survivors under these policies which had been in force for at least 15 years and where the policyholders were at least 50 years old. We found that the mortality has been running about 29 percent in excess of the mortality under life and endowment policies of the same duration and age of insured. In other words, our renewable term policyholders had responded normally to the increasing premium situation and a larger-than-average proportion of unhealthy policyholders remained so that the mortality increased. The healthy lives among those who remain must bear the burden in cost resulting from the fact that they are associated with the unhealthy lives who are raising the average mortality to a higher-than-normal level.

In 1875, a group of idealists became imbued with the belief that renewable term insurance was the perfect form of protection for the average man. They theorized that he would be much better off to separate his protection and savings programs and to use the life insurance company simply to carry the pure protection policy. In consequence, a company known as the Provident Savings Life Assurance Society of New York came into being. Its chief advocate was Sheppard Homans, the well-known compiler of the American experience table of mortality. Its chief mission was to sell renewable

term insurance as the ideal form of life insurance protection.

The theory appeared so alluring that it found supporters among several prominent life insurance personages, among them Elizur Wright, the distinguished insurance commissioner of Massachusetts.

Enthusiastic literature was put out by Provident Savings Society extolling the merits of renewable term insurance.

The doctrines expounded in this literature have been taken over bodily by the present day advocates of the renewable term theory. One little detail, however, is omitted. Nothing is said in the modern literature about the way the earlier experiment turned out.

For some 20 years Provident Savings Society appeared to prosper. Its evangelical enthusiasm for renewable term insurance produced policyholders. By 1895 about 200 millions of renewable term insurance had been issued. In the early nineties the mortality began to rise above normal. Old human nature was at work. The healthy lives in relatively larger numbers were withdrawing from the renewable term plan and the average mortality of the remaining policyholders was rising to a level higher than anticipated. In those days 80 percent of the mortality rate shown by the American experience table was about normal and it was confidently anticipated that the renewable term mortality would remain within that figure.

### Rate Reached 134 Percent

After the turn of the century the situation became serious. During the five-year period 1900 to 1904 the actual mortality on the renewable term policies was 134 percent of the table rate or two-thirds above the anticipated

**SOMETHING TO SELL!**

Untroubled Sleep...  
...as Secure as it is Sound  
Orphans at age 3  
Off the Pay Roll  
Onto the "Play Roll"  
The OUTCOME of a BENEFICIAL INCOME  
This Widow inherited a Home instead of a mortgage

Our 34th year of service to Western America continues to demonstrate countless variations of The OUTCOME of BENEFICIAL INCOMES

**BENEFICIAL LIFE INSURANCE COMPANY**  
HOME OFFICE BENEFICIAL SALT LAKE CITY, UTAH  
HEBER J. GRANT PRESIDENT

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MEZZANINE FLOOR . . . RICE HOTEL

## THE NATIONAL UNDERWRITER

### *The Diamond Life Bulletins*

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Complete Reports **\$5** Policy Provisions, Rates  
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—Sells the "need" before you make your call  
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# THE Mutual Benefit Life Insurance Company

HOME OFFICE · NEWARK, NEW JERSEY

ORGANIZED



IN 1845

rate. Such mortality will ruin any company if continued long enough and it was evident that something had to be done. Accordingly the company began to stress level premium life insurance and sold as much of it as possible. Unfortunately, the renewable term insurance was resulting in heavy losses and the increasing premiums under that insurance were causing great dissatisfaction among policyholders. It was too late to put the company in sound condition and it got into the hands of unscrupulous individuals who attempted to offset the mortality losses by manipulating its investments. In 1911 it was wound up and the business still in force reinsured elsewhere. The theory that renewable term insurance was an ideal form of protection was dealt a stunning blow.

Today a new generation unfamiliar with the history of renewable term insurance has arrived on the scene. In due time there will be disillusionment and loss.

#### Words of Nelson Hadley

For 30 years Nelson B. Hadley was chief examiner of the New York insurance department. One of his first assignments was to examine Provident Savings Society. In an article in the insurance press in October of 1937 he gave his views on renewable term insurance. The following, which Mr. Hadley describes as conservative, is condensed from what he said there:

"Like every cheap article of attractive appearance, the annual renewable term and the various other renewable term policies are not even cheap. Experience has proven that they are the most expensive. Every decade has a new advocate to bring forth this type of policy. First it was the Provident Savings Society in 1875. Then the cooperative and the assessment companies. The fraternal societies combined it with the lodge system and were certain that the combination would not require a reserve. Every one of these organizations either failed or had to abandon the no-reserve plan. The history of one is the history of all."

"The Provident Savings apparently prospered for 20 years. It tried the expedient of setting aside 25 percent of the premiums as a fund to keep the cost of the insurance from rising too high. However, excessive mortality wiped out the fund. The company turned to level premium business in an effort to save itself but without success. It had to be wound up and the business remaining on its books was reinsured."

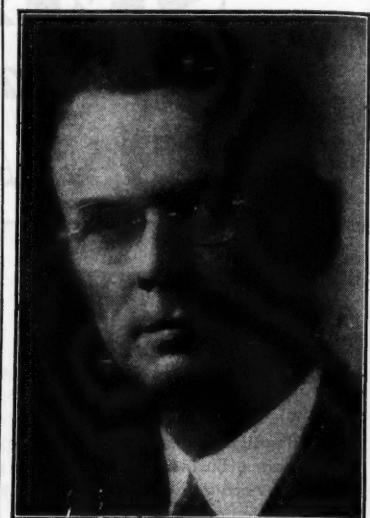
The famous insurance investigation of 1905 conducted in New York by Charles E. Hughes, now chief justice of the United States Supreme Court, concerned itself with the difficulties in which Provident Savings Society had become involved. Mr. Hughes called upon the late Henry Moir who at that time was the actuary of Provident Savings Society wrestling with the problems caused by the high mortality and the discontent among renewable term policyholders. After discussing the renewable term insurance experience of the society, Mr. Hughes asked Mr. Moir whether he thought much of that kind of insurance would be written if the policy should state in glaring headlines just what a man would get into if he bought it. Mr. Moir's reply was, "I think not."

#### Reinsurance Analogy

We sometimes hear it stated that when the life insurance companies themselves buy insurance from other companies in reinsuring large policies, they invariably buy on the term plan. To understand the situation, it should be pointed out that there are two primary forms upon which reinsurance is obtained.

One is known as coinsurance under which the original company desiring reinsurance purchases the same kind of insurance as the policy being reinsured. Thus if the original policy is on the ordinary life form, ordinary life rein-

#### Explains Level Premium Plan of Life Insurance



M. ALBERT LINTON  
President Provident Mutual Life

surance is bought. Under the other form of reinsurance the original company each year purchases term insurance from the reinsurance company for the amount by which the face of the policy exceeds the reserve. In other words, the original company retains the savings element in the premium and purchases decreasing term insurance for the protection element.

#### Spreading the Risk

Now the method of reinsurance used by companies is of no value whatever in indicating to an individual what he should do in arranging his own insurance. When a life company reinsures a part of its larger risks it does so primarily to spread the risk over a larger base so as to avoid undue loss from mortality fluctuations. These occur even in normal times and are likely to be especially heavy in periods of epidemics or of economic stress when heart disease and suicides rise to abnormal levels.

When a life company reinsures, the type of business to be reinsured, the probable net cost of the original insurance, the importance or otherwise in the eyes of the original company of retaining the funds corresponding to the reserve, as well as other considerations all enter into the determination of the method of reinsurance. The circumstances surrounding an individual are so different that he can draw no useful conclusions for his own guidance from what the companies do.

Approximately 55 percent of the reinsurance in force in the United States is on the coinsurance plan.

It was suggested that you would be interested in knowing the kind of life insurance owned by life company executives. I wrote to a number of companies asking for the amount of life and endowment insurance and the amount of term insurance owned by the five ranking officers under 60 years of age. The age limit was introduced because above age 60 term insurance usually has to be converted to ordinary life or higher premium plan. Inclusion of persons over 60 would have brought into the picture a group who in undue proportion could not, at advanced ages, have been insured under anything but some permanent form of insurance.

Replies received from 51 of the leading companies showed the classification of the life insurance owned by the 255 officers concerned. In the data term insurance and group insurance were separately listed. The two together represent 11.9 percent of the total insurance carried by this group. Omit-

ting group insurance, the percentage of term insurance alone is 8.7 percent. The overwhelming proportion of insurance on the life or endowment plan is eloquent testimony as to the choice of those on the inside when they arrange their own life insurance programs.

There is no thought that term insurance to cover temporary situations is not desirable. When there is need for protection against some contingency likely to be short-lived, as for example when a man has a large family and an inadequate income, term insurance for a limited period, usually five or ten years, fulfills a useful function. Such insurance usually has a valuable provision enabling the policyholder within a certain time to convert without medical examination to a permanent form. Of the new insurance being issued by companies licensed in New York doing an ordinary, business only, approximately 15 percent is on the term plan.

Renewable term insurance as a substitute for level premium life insurance in a long-range program of protection is a snare and a delusion.

#### Unfortunate Characteristic

An unfortunate characteristic of renewable term insurance is the reaction it is likely to produce in the policyholder after it is too late for him to remedy matters. After he has carried renewable term until he reaches age 65 and then desires to continue the protection, the premium is likely to be in the neighborhood of \$80. Faced with that prospect and realizing that under an ordinary life policy taken, for example, at the age 35 he would be paying only about \$21 a thousand, he is likely to ask awkward questions. For one thing he may want to know how what he had paid for his renewable term protection over the 30-year period would have compared with a similar figure for an ordinary life policy.

Last year we investigated these relationships for a group of companies issuing both renewable term and ordinary life. Using the average figures for the group and taking the period from age 35 to 65, we found that for each \$100 paid out for renewable term insurance during the 30 years (not \$100 each year, but \$100 total over the entire period) \$103 would be paid under the ordinary life policy. And for the extra \$3 the ordinary life policy would have a cash value of \$87 whereas the term policy would have no value whatever.

For age 25 at issue of policy the outlay on ordinary life for each \$100 paid for renewable term to age 65 was \$88; the cash value at age 65 ordinary life was \$82; renewable term, zero.

For age 35 at issue, the figures were \$103; \$87, and zero.

For age 45, \$123, \$88, and zero.

#### Age 25 Figures Striking

The figures for age 25 are especially striking. The ordinary life outlay over the 40-year period to age 65 is only \$88 as compared with \$100 for the renewable term, and yet the former has a cash value of \$82 as compared with nothing for the term. For the 20-year period from 45 to 65 where the mortality rates average higher, an excess cost of \$23 for ordinary life results in a cash value of \$88 at age 65.

An excess value of \$87 can be produced by an additional outlay of \$3 over the 30-year period because the ordinary life policy costs more than the renewable term policy for a substantial part of that period. The excess cost accumulated at compound interest builds up a reserve which in turn provides the cash value. If the term insurance cost should be deducted year by year from the ordinary life cost and the difference invested in a separate fund, it would be found that the separate fund would have to net 6 percent compound interest over the 30-year period to build a sum of \$87. This is the way the policyholder who has lived through from 35 to 65 looks at it in the

#### More Than 100 at Kansas City Life Luncheon

Kansas City Life, of course, has a big interest in the convention, inasmuch as O. Sam Cummings, its Texas manager, is the outgoing president. The Kansas City Life luncheon Wednesday was an enthusiastic affair, with more than 100 in attendance. Dallas Alderman, personnel director at the head office, presided. W. E. Bixby, executive vice president, made a talk, as did Mr. Cummings.

retrospect. He sees that if he had taken ordinary life instead of renewable term he would have had the equivalent of an exceptional compound interest return upon the additional amount that the ordinary life would have cost during the early years.

#### Not the Correct Way

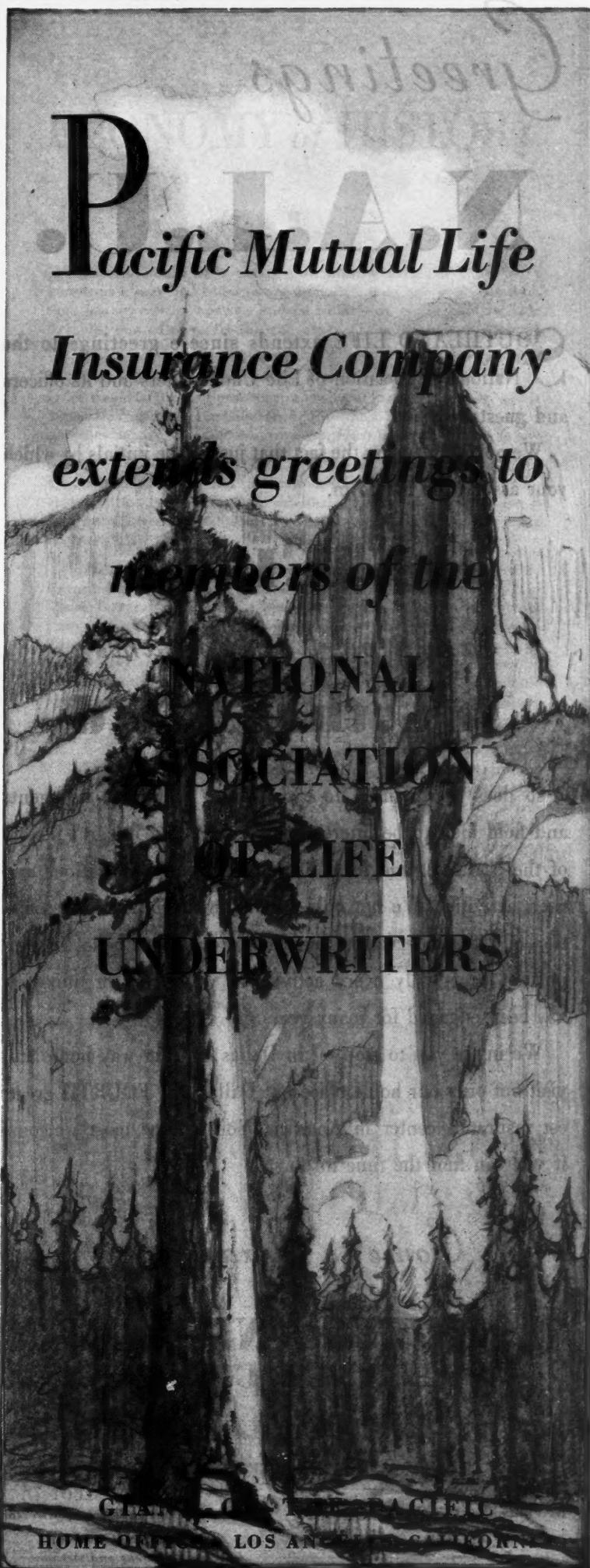
While that is the way a policyholder looks at it in the retrospect it is, unfortunately, not the correct way to look at it from the point of view of the policyholder who is about to take out the insurance in the first place. In that case it is proper to subtract from the ordinary life cost only the cost of decreasing term insurance and not the cost of level term insurance. Under the correct plan there is each year a larger amount to be separately invested and the rate of interest that must be realized upon the separate fund in order to build an amount equal to the ordinary life cash value at age 65, although substantial, is considerably under 6 percent. The complications involved in applying the actuarially correct method of comparison will now be explored.

A level premium policy such as ordinary life can be understood best by looking upon it as a combination of savings accumulation and decreasing term insurance. Renewable term advocates argue that the two elements should be separated and not combined in one contract. The chief reasons advanced are (1) that the interest return on the separate fund will exceed the return on the savings element in the level premium policy so that more will be paid to the beneficiary, and (2) that the separate fund possesses a greater flexibility than does the cash value of the level premium policy. Consider first the matter of interest return.

#### Net Cost Schedules

Last year we had occasion to make an analysis based upon the then current net cost schedules of a group of representative mutual life companies. The figures were averaged and from the year-by-year net costs thus obtained were deducted the corresponding costs of one year renewable term insurance of an amount equal to the difference between the face of the policy and the then current amount of the accumulated savings. The renewable term insurance costs employed were the average of the non-participating rates of a small group of companies willing to guarantee the cost of the insurance to age 65.

Using age 35 as an example we found that the separate investment fund would have to yield over the 30-year period a net compound interest return of 4.31 percent in order for the separate fund to accumulate at age 65 to the amount of the guaranteed cash value of the ordinary life policy. The equivalent net compound interest return to the policyholder on the savings element in his ordinary life policy was 4.31 percent over the period from age 35 to 65. To duplicate the ordinary life policy the separate investment fund must have charged against it all expenses of investment, all taxes on in-



# Greetings N.A.L.U.

**S**OUTHLAND LIFE extends sincere greetings to the National Association of Life Underwriters and its officers and guests.

We point out to you the fact that just as the initials by which your association is known,

**N.A.L.U.**  
*are a part of the name*  
**so U.thL.A.N.d**

... so does Southland Life endeavor to encourage its agents and field men to be interested, working, and integral factors of the N.A.L.U. and local life underwriters' associations and their activities. We not only believe in the National Association of Life Underwriters but have proven that belief in support of practically every activity in which the organization has been engaged for many years.

We invite you to stop off in Dallas on your way home and visit not only our home office but Dallas, the FOURTH greatest insurance center in America. You will be most welcome if you can find the time to do so.

*Come to Texas often*

## **SOUTHLAND LIFE INSURANCE COMPANY**

**Home Office, DALLAS, TEXAS**

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**B. A. DONNALLY**  
*Executive Vice President*

**W. C. McCORD**  
*Secretary*

**COL. W. E. TALBOT**  
*Vice President and Agency Director*

**P. V. MONTGOMERY**  
*Vice President and Actuary*

come received, all investment losses and still have the principal intact together with a satisfactory compound interest over the 30-year period. That is a large order.

The yield that must be realized on the separate investment fund turned out to be above the average yield being obtained by the life companies upon their own investments. The answer is twofold. First, the mortality rates under ordinary life policies are lower than under renewable term. Second, because of the greater economy in combining two services under one contract the expense cost chargeable to the insurance element in a policy which combines both an insurance and a savings element is less than the expense cost of furnishing renewable term insurance under a separate policy.

The real bargain in term insurance protection is obtained when it is purchased in combination with an investment element rather than by itself under a separate renewable term policy.

We are interested in the relative security afforded the funds entrusted to the life company as compared with the security afforded by a separate investment program. There is no doubt about the incomparable security afforded by the life company. The company investments are of a very conservative kind. They consist almost entirely of senior liens upon valuable property with a wide margin of safety to guard against depreciation. There is wide diversification as to the kind of investment, whether bond or real estate mortgage, and as to geographical location. The wide diversification and large number of investments give the policyholder the advantage of the law of average in his investment program. If he has say a cash value of \$5,000 under his policy, he may have the equivalent of \$5 in each of 1,000 conservative investments. Losses on a small proportion of these investments will be spread over the whole list and the effect upon his investment will be relatively slight.

### Steady Flow of Premiums

There is the steady flow of premium income which comes into the company even in times of depressed business conditions. In times of severe depression a program involving merely the element of savings is more likely to be interrupted or given up entirely than is a program involving both savings and protection. In the latter instance the desire to continue the insurance protection is likely to lead to a continuance of the entire program to the ultimate benefit of all concerned.

The flow of premium income held up remarkably well during the worst years of the great depression of the 1930's. In 1932 the total premium and interest income of the companies doing business in New York State was more than 300 million dollars greater than the total paid out for death claims, matured endowments, running expenses, cash surrender values, policy loans, and all other payments to policyholders. This does not take into account additional sums available from the maturity of bonds and payments on account of the principal of mortgages.

### Significance of the Excess

The significance of the excess of current income over outgo is that it reduced to a minimum the chance that the companies would have to sell substantial amounts of bonds in order to meet demands for cash under their contracts. Had their contracts involved merely a savings feature, it is likely that their income would have been less and their cash demand greater. In consequence, the strain on the companies might have been much more severe, with increased chance of loss to policyholders. In having a double incentive for policyholders to continue to pay premiums during periods of stress, the institution of life insurance stands alone.

During the depression the holders

of life insurance policies in companies representing more than 97 percent of the total life insurance in force in this country have had their policies maintained without impairment throughout the depression. Companies representing less than 3 percent of the total went into receivership. On the basis of past experience, it would be reasonable to anticipate salvage which would reduce materially the ultimate loss to these policyholders. In a large number of cases death claims have been paid in full so that the loss has been confined to an impairment of cash values.

### Another Handicap Cited

The separate insurance-separate investment program labors under another handicap. One does not know what the value of the separate investment fund will be at any given time. Death may occur when security values are greatly depressed so that the separate fund upon liquidation will yield only a fraction of its anticipated value. Under the life insurance policy the value is guaranteed and the method of operation of the company greatly increases the probability that the guarantee can be maintained under all conditions.

The life insurance contract guarantees payment of a stipulated sum in the event of death and the availability of stipulated cash and loan values after say two years' premiums have been paid. That this is a most important guarantee, the experience during the depression bore testimony. In the years 1930 to 1935, inclusive, the estimated amount paid out to policyholders under cash and loan value provisions was approximately 7 billion dollars. This performance benefited millions of policyholders who were forced to turn to their life insurance as a last resort and found the guarantees were good, 100 cents on the dollar.

### Striking Comparison

The advocates of the separate insurance-separate investment theory have very little to say about the availability of their separate investment fund in times of severe emergency. The experience of the depression and its decimated security values are all too well known. Most of those who had relied upon their separate investment fund found that the anticipated values were not there when they were needed, nor since for that matter.

One thing learned from the depression was the ability of the insurance supervising authorities in the various states to act together to protect the companies at a time when the closing of every bank in the country produced financial chaos. With premium and interest income cut off and panic fear spreading throughout the country, it was necessary to limit demands for cash and loan values (except to pay premiums) to the bare necessities. Accordingly, a moratorium was imposed lasting about six months. There was no moratorium, however, on the payment of death claims, matured endowments, or annuities. Policyholders accepted the situation in a cooperative spirit and realized that the regulations had been imposed for the good of the institution as a whole. The experience strengthens our confidence that any future desperate situation would be handled in similar manner.

In 1907, when our company was issuing renewable term insurance, a man took out a policy on the ten-year plan. He carried it for three successive periods and then failed to renew. Within a year thereafter he died. The policy was found by his son, who became most indignant that we should have collected a large amount of money over 30 years and then permitted the policy to go out of force without value.

Here is what we find on a \$1,000 basis, assuming all premiums payable yearly. The net outlay over the 30-year period on the term insurance, using rounded figures, was \$488. Had an ordinary life policy been taken originally instead of the term, the

**CONTINUED ON PAGE 33**

# Women of Wealth Offer Good Field for Woman Agent

By MRS. BERENICE MEISTROFF  
Guardian Life, Kansas City

There are many women of wealth existing as prospects for us of whom we are not even aware. Only a small percentage of agents make much effort to sell women at all and to most of that small percentage the problems which they feel confront the woman of wealth present a mental hazard.

As soon as a woman comes into the possession of any money which is available for investment, she becomes, for our purpose, a woman of wealth and we are in a position to help her, and ourselves, by knowing how to advise her intelligently in the investing of that money.

## Problems Are Sexless

No new and mysterious approach is necessary because the prospect is a woman. The present day problem of anyone with money is to best guard it against shrinkage and to make it available for use when the need arises. Safety and availability are problems that are sexless and whether the client wears skirts or trousers, the answers are the same.

In the woman who has the responsibility of handling large sums of money the alert underwriter has a great opportunity for service and reputation building. With life insurance one can do anything that can be done with money. Once our program has been set up the most perfect financial machinery ever devised by man has been set in motion.

In working with a woman I must first sell her. If she is favorably impressed, she will send me to the man whose advice she asks, before the sale is actually closed.

## Flattery Is Recommended

As soon as you are referred to this paragon of male wisdom, it is only a matter of time until your application is signed. Nine-tenths of the sale has been closed or you wouldn't have been referred to the man. The other tenth is cinched in the amount of flattery used in the approach to the advisor.

Just tell the banker, accountant or attorney that his client is to be congratulated on having such a fount of wisdom to whom to turn for counsel and he knows that you have good ideas before you tell him what they are.

The obvious problems where money is concerned and whether the owner of that money be male or female, are to keep the principal safely invested during one's own life time to produce a maximum yield with a minimum of concern and to pass the principal on through to one's heirs with a minimum of shrinkage and a maximum of future control.

Those underwriters who are regarded as experts in tax matters have gained that reputation by knowing where to get the information they need, when they need it. The important thing is to know your own limitations so well that no one else will ever discover them.

To group under general headings the types of policies that will "hit the high places" with most women of the type we are considering, there are, besides the regular insurance policies written for protection, the ordinary types of annuities, the combination of annuities and paid up endowments, and the combination of annuities and paid up life policies.

Each type has its own qualities which enables the agent to fit it to the needs of the individual client. They can not

be sold indiscriminately. They must fit the buyer.

One of the most attractive features in combining the annuities with the paid up life policies rather than the paid up endowments, lies in the optional settlements, which are then available both to the insured and the beneficiary.

The wealthier the mother the more likely it is that there is going to be need for the spendthrift clause. The son or daughter of such a parent has almost always been raised with so little knowledge of business affairs that they are ready victims for poor investment when funds are in their control. While there are standard clauses that any agent can get, either from one of the tax services or from her own home office, my recommendation is that the agent acquaint herself with the spendthrift clause that she may intelligently advise its use. And there let her service end and an attorney's begin. The agent must not pose as an authority on matters that are out of her realm, but prove her own intelligence by realizing her limitations. If she obtains a standard form spendthrift clause and hands one of them typed, to the client's attorney, it has been my observation that the attorney is pleased and impressed, and usually quite reasonable in the charges for his advice.

I referred facetiously to being sent to men for advice. Seriously, I realize that in these contacts lie fine opportunities, and in talking with these men I gain something which enriches me and makes me better equipped to serve my next client. If those men do not approve my plan, and if no sale is made, I am far ahead of what I was when I began with the problem.

Where else but in life insurance plans can the person of wealth place her capital where she will have no reinvestment problem, no worry about the hazard of again finding a safe place to put her money to work? With what other investment can she be so absolutely foot loose? Her checks will find her any place that mail is delivered and she need never fear that her income will fluctuate. What more could any one ask of an investment?

Money to pay inheritance taxes can be created by the heirs by having absolute ownership insurance on the life of the client. By paying a comparatively low rate of interest on the principal sum, when the event occurs which creates the need for money it will simultaneously create the money itself.

Annuities, endowments, etc., can be purchased by the client herself for members of her family, under gift tax provisions.

When you have pleased one woman of wealth with the type of service you render, you have instigated the finest advertising campaign that any agent ever enjoyed. Men are accustomed to dealing with money matters and usually keep their own counsel, but these things are comparatively new to women, and they love to talk about them.

There are frontiers, in the women who are practically virgin territory for financial planning. Probably the greatest weakness of business women is that they have been so anxious to do a man's job in a man's world that they have quite overlooked the fact that there is a woman's job waiting, nay, clamoring, to be done in a woman's world. Let's show the men underwriters what we can really do, not in their field, but in our own.

# The ECONOMY of HISTORY



History would be a pretty slow moving affair if a day or a month or a year had room to accommodate only one event. Instead, time has an elastic capacity, and an infinity of events can run side by side, one often affecting the other. That is the economy of history.

Two such paralleling events were the establishment of two great financial institutions, each conceived for the common good: Texas was offered statehood in 1845, when State Mutual's incorporation papers were just one year old. Each has grown through the other's collaboration.

State Mutual entered the State of Texas to establish three general agencies in the first four months of 1936, but at that time it had been investing its assets in the State nearly a quarter of a century.

*Today every dollar of insurance carried by Texans is covered by one dollar and sixty cents of State Mutual assets invested in Texas enterprise. More than enough to pay a claim on every contract in force and all of it working for the further good of Texas. These investments obviously were not made through any sense of reciprocity; they are part of a sound investment policy working independently, with the invariable aims of safety and reasonable investment rent. Texas itself, probably more than any other State, because of its size offers the so necessary geographical and industrial diversification.*

Underwriters can get some idea of Texas' tremendous size and consequent opportunities if they will visualize the 64,000,000 policyholders, who own all the insurance in the United States, transplanted in the copious Lone Star State. Each policyholder's share would be nearly three acres, and the potential wealth of his holdings probably would allow him to increase his insurance above the average of \$1,700 now owned in this country.

State Mutual could service him through three of its original Texas agencies, in Dallas, Houston and San Antonio; or it could handle his affairs through the newer district office developed in Fort Worth. The State Mutual men in these offices, all of whom have worked to make the 49th National Convention a success, believe in the opportunity in their State and know the part played in that opportunity by American Life Insurance.



# STATE MUTUAL LIFE ASSURANCE COMPANY

of

WORCESTER, MASSACHUSETTS

Incorporated 1844

*Over 94 Years a Synonym for Security*

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Dallas, Texas

CHARLES D. BUBAR, General Agent  
1124-25 Milam Building  
San Antonio, Texas

MORRIS BROWNLEE, General Agent  
5th Floor 2nd National Bank Bldg.  
Houston, Texas

WILLIAM C. BULL, District Agent  
801 Fair Building  
Fort Worth, Texas

## Attacks on Life Insurance Even More Numerous Now, Roger Hull Reports

With no cessation of the assaults on life insurance, great vigilance is still required along that line, Roger B. Hull, managing director of the National association, declared in his report at the meetings of the national council. He referred to a talk which he made at the Boston convention two years ago, warning that it is no longer possible to "sit back supinely and complacently, expecting those forces which have been working against you just to exterminate themselves."

"Well, what has happened since that Boston convention?" he asked. "Have those forces which were working against us at that time 'exterminated themselves'? They have not.

"At that time I referred to one well-known publishing house which had printed an unsound and unscientific analysis of life insurance, and to one notorious twister who had written a book in which no intelligent reader could have faith. But today, the files at national headquarters are full of these attacks on life insurance which have been cropping up in nearly every principal city of the country. Three brand new upcroppings have been reported to my desk since I began the writing of this annual report.

"We have certainly found that we could no longer sit back supinely and complacently, expecting these forces to exterminate themselves."

### Much Done to Meet Attacks

He said that much has been done to meet these attacks, through distribution of counter-informational material; dealing specifically with each of the expositions of the term-insurance fallacy as they have come up and the distribution to college and public libraries of more than 2,500 copies of President M. A. Linton's book "Life Insurance Speaks for Itself." In

that connection he referred to Mr. Linton's address given Thursday morning on "Why Level Premium Life Insurance," which expands and supplements the material originally carried in several chapters of his book and will eventually be included in a new edition.

He spoke of the action taken by the trustees at their meeting in Richmond last March, in adopting a resolution expressing to the companies their belief that there is a vital need for some adequate public relations agency.

"We leave that subject in their care," he said. "But you, as the responsible underwriters of the self-reliance and security of the nation cannot stop there and discharge your full responsibility. As I have been saying to groups all over the country, every one of you must become the public relations officer of your company. The great majority of Americans still believe in life insurance, in the integrity of life insurance company executives and that the life insurance companies are serving the country well."

## Karl Gumm Is Stand By

Among the company men that are always counted upon at National association meetings is Karl Gumm, assistant superintendent of agencies of National Life of Vermont. He was on hand as usual this year.

## J. H. Preston Surveys Scene

James H. Preston, agency head of Columbus Mutual Life, made the journey to Houston.

**Howard Oden**, vice-president North American Reassurance, is a former Texan, having been with the Southland Life in Dallas for a number of years before he went to New York. He and O. Sam Cummings, national president, were among the organizers in Dallas of the first managers' association to be formed in the country.



## IN HONOR OF PHILIP BURNET

*Guiding Spirit of the Continental American  
Philosophy and Originator of the  
Family Income Policy*

WHEN life insurance men gather, sooner or later the name of Philip Burnet is usually mentioned. Not only because of his inspiring personality and his genius for constructive work, but because he was a man who gave—a selfless man. He gave his heart, and finally his life, to the institution of life insurance and to the Company he himself had founded at the age of 29. He believed in the unlimited opportunity of both agent and company—and felt it was the company's responsibility to provide MORE PROTECTION at the time protection is most needed. It was his intentness on the philosophy that led him to the development of the remarkable Family Income Policy which he and Continental American gave to the public—and to other life insurance companies—in early 1930, less than two years before his death. It was the climax of several plans which grew out of his keeping constantly before his mind the two elements of the average man's situation: an inadequate income, and the vital need of more protection. Continental American's Family Income plan still hews to the same line—it is written on the inexpensive decreasing term principle, and its premium is leveled through life. Its basic ordinary life element is an unusually low-rate participating premium. And, like other Continental American policies, the dividends may be used through the Term Additions plan to buy a large yearly amount of "extra protection."

## Continental American LIFE INSURANCE COMPANY

Wilmington, Delaware

W. M. Rothamel, Vice President

## Tells Some Advantages of Simplified Selling



JOHN D. MOYNAHAN, Chicago  
Metropolitan Life

## Real Simplified Selling Possible

CONTINUED FROM PAGE 7

in his office. The traditional office attitude is brusqueness while at home the prospect is relaxed—he is himself. He is willing to follow a simple visual presentation to its conclusion if it is reasonably brief and to the point.

"Many of our prospects for this type of interview are secured and qualified by calling in the afternoon at the homes of our present policyholders. The salesman introduces himself to the housewife, gives her a useful pamphlet and offers to supply additional ones which she selects.

"When he calls in the evening he brings the book he promised to Mrs. Policyholder and addresses his prospect something like this: 'Good evening, Mr. Policyholder. How are you this evening? Here's a book about you and your family. There's one thing the women know better than we do. They know they can't run a home and raise a family without money. That's where this book comes in. Let's sit down where we can look it over.'

### Best to Have Wife Present

"Quite often the approach isn't as easy as that. The prospect sometimes asks, 'You mean you want to sell me some insurance?' We answer: 'If you want insurance I'll be glad to fix it up for you, of course, but what I came to talk about is the home, keeping the home, putting bread and butter on the table, putting clothes on the children and that sort of thing. That's a job. Sometimes it gets to be a tough job when it might as well be easy. You're willing to have it easy, aren't you?'

"We consider that it is vital to the success of the interview to have the wife present so we make sure to invite her to look, too. We cannot emphasize too much this phase of the interview. Whether or not we have included Mrs. Policyholder in the presentation, there will be a conference when the time comes to close. If she has been in the picture throughout the interview she may already be on our side. If she's been allowed to remain outside the charmed circle she probably is not. She may not express her disapproval in words, but she gets the

point over just the same—by a glance or a shake of the head or by her studied disinterest—and there's no sale.

"With the husband and wife seated where both can easily see the book we use two or three short sentences 'tracked' to pictures in our visual aid to emphasize the present need for income in the family. We dramatize the situation by taking him 'out of the picture.' We simply cover the picture of the head of the family group with our hand. The gesture is more effective than a thousand words. Then we sketch the needs for immediate cash and try to get him to set a figure for final expenses. (If he doesn't set a figure we do it for him). The next step is to set up a moderate emergency fund and a readjustment period income, the amount and duration depending on what the needs are and what we have already learned and observed as to his ability to pay.

"A typical case: Toolmaker, age 39,

wife and two children, boy 15, girl 12, income averages \$45-\$50 per week, has \$1,000 with us, \$1,000 group and \$500 industrial. Our recommendation, previously planned but worked out in the presence of himself and his wife: \$1,000 clean-up, \$500 to bank for emergencies, leaves \$1,000 to go towards family income. We add \$3,188 to produce \$75 per month for five years until both youngsters are out of high school. Annual premium less than \$100.

### Think About Retirement Income

"We have found an increasing number of prospects thinking about retirement income for themselves. It is such a prevalent objection to the purchase of family income plans that our chart provides a place to enter the cash value at 65 and a picture of the prospect as an old man. Whether such an objection is spoken or not we say something like this: 'This arrangement provides for you, too. Suppose you live 'til the

children are grown up and settled and able to take care of themselves. You may need the money you've been saving. If you do, there'll be cash for you at 65 of about \$2,000. You could use some money then, couldn't you?'

"We cannot simplify to the extent that we separate the job a man should do for his family from the job he should do for himself. They go together.

"The average American family head who represents our greatest potential prospect wants to have his life insurance program simple, but he wants it complete. He wants to protect his family and himself. He likes to look at pictures—especially those which show him in the role of his family's protector. He'd like to have you see him at his home. Millions of dollars of ordinary business are being sold every week by industrial men in the homes of average Americans and there are millions more waiting for alert life underwriters to tell them a simple story."

## "The Object is Equality"



*"The object is equality among the members, and a participation in the advantages of the Company in the proportion of the amounts contributed; and it is no part of the plan that some shall be benefited at the expense of others."*

**S**O WROTE the Founder of New England Mutual and of mutual life insurance in America, Judge Willard Phillips, in 1844.

Unswerving fidelity to this principle has always governed New England Mutual's relations with its policyholders. Consider some policy provisions: full reserve cash and loan values beginning at the third year; change of plan by difference in reserves; both paid-up and extended term insurance participating, and both with guaranteed cash values of the full reserve; generous, flexible income settlements, available on surrender as well as at maturity.

To the unsurpassed liberality of its policies are added New England Mutual's century-proved trusteeship, and its progressive agency organization serving 39 states, coast to coast. This distinctive combination has resulted in a remarkably sturdy growth of insurance in force, benefiting policyholder and underwriter alike.

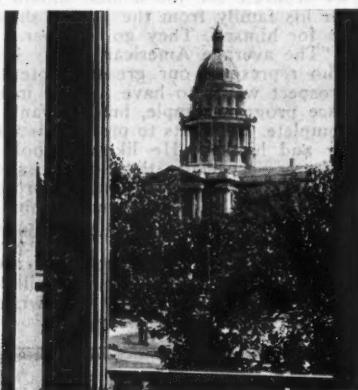


## NEW ENGLAND MUTUAL Life Insurance Company of BOSTON

GEORGE WILLARD SMITH, President

\* FIRST MUTUAL LIFE INSURANCE COMPANY CHARTERED IN AMERICA—1835 \*

## DENVER sends GREETINGS



### N. A. L. U.

We managers and general agents of Denver extend greetings to those in attendance at Houston, Texas, for the 49th annual gathering of the National Association of Life Underwriters. As hosts to the association's 48th gathering it is our wish that this year's convention will be equal if not greater.

Left: Colorado State Capitol

Below: Denver's Renowned Civic Center.

### ISADORE SAMUELS

General Agent

Colorado and Wyoming

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY OF BOSTON  
(Chartered 1835)

First National Bank Bldg.

### H. ALLEN NYE

Agency Manager

Colorado and Wyoming

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

6th Floor Security Bldg.

### THE UNION CENTRAL LIFE INSURANCE COMPANY

Rocky Mountain Department

JOHN O. ANDREWS  
Manager

310 U. S. National Bank Bldg.

### Arthur K. Underwood, C. L. U.

General Agent

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

632 U. S. National Bank Bldg.

### Glen A. McTaggart, C. L. U.

Manager

Colorado, Wyoming and New Mexico

### THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Home Office—Newark, N. J.

Security Building

### J. Stanley Edwards

General Agent

The Rocky Mountain Agency  
AETNA LIFE INSURANCE COMPANY  
Patterson Building

### Bailie T. Cantrell, C. L. U.

Director of Home Office Agency

### THE CAPITOL LIFE INSURANCE COMPANY

Denver, Colorado



## Time Control Best Way to Meet Public's Real Need

By RUSSELL P. THIERBACH  
General Agent Northwestern Mutual Life, Cleveland

I am going to try to present the subject of time control or, better phrased, time mastery technique from the standpoint of need, if you and I are to survive in the public mind. I believe American buyers are entitled to better satisfaction from their insurance servants. I believe they are entitled to more than they normally get for their distribution cost. I believe these things demand that the technique of time control be mastered by all permitted in the practice of life insurance.

Let's define time control by outlining what it does and does not mean.

It does not mean an aimless running hither and yon in the hope of finding someone just ready to buy; the making of calls beyond human endurance; "burning the candle at both ends"; the mere keeping of records.

It does mean the intelligent conservation of energy; the attempt to make two blades of grass grow in the place of one or perhaps two prospects in the place of one; the conservation of the prospect's time through the use of presentations made with respectable intelligence; the use of records to cut waste motion.

It means, in short, the sale of as much life insurance as possible, limited only by the mental and physical capacity of the individual.

### Pertinent Points of Procedure

I have been working with the subject of the relation of intelligent effort and sales results for a good many years.

1. Good time control means good prospecting. One's work must be proportionately correct as to prospects new and old, distribution of ages, occupations and income. To make "two blades grow where but one grew before" means a careful check of working material. It means a sensible use of prospect sources. Prospects can only be had in two ways: (1) By your own active effort and (2) with the help of others.

### Means Good Presentations

2. Good control means good presentations. It must be obvious that the American people are entitled to the benefit of good presentations. Their own time and patience are at stake.

It is not the function of my talk to discuss presentation except as it affects time mastery, but in that light a presentation becomes a sales talk when you make definite attempts to close the prospect for insurance to cover an apparent need for it. It presupposes: (a) That you know what to say; (b) that you know how to say it; (c) that you want to say it.

3. Good time control means good personal efficiency. The idea that it is beneath the dignity of an agent to measure his performance by the average work of men similarly engaged is ridiculous.

### Minimum Is 40 Hours a Week

a. A minimum of 40 hours a week, of which at least 30 are spent in the field, is absolutely necessary for everyone if he wishes to produce at his own highest possible volume.

b. Sales in a continuous and satisfactory number are not made unless an adequate number of interviews is had. Hours and calls are the raw material from which interviews are made.

c. Life insurance men work under the law of increasing returns. The extra hours, after the lowest possible minimum number are passed, have a much greater value in volume and commissions than the minimum standard.

No man who hopes to produce a large volume of business can afford to disregard the need to make many sales. To him

whose volume is relatively small, weekly production is a necessity, and to him who hopes to produce in large amounts, weekly production is an absolute requirement.

Good personal efficiency must have a track to run on. Such a track would be a daily work card, weekly tabulation of hours, calls, interviews and results. But most important of all is a periodic checkup with someone who can help interpret your figures. The end result sought is increased personal efficiency — not record keeping.

### Means Good Mental Attitude

4. Good time control means a good mental attitude. Let's examine the causes for the rise and fall of one's mental attitude. There are but two such causes. One is external and one internal. The first cannot always be controlled, because it may involve events like war and depression, peace and prosperity, which have a world-wide influence; in some instances the second cannot be controlled, but in most instances the internal causes of a low mental attitude can be banished at the source.

Probably the two greatest forces regulating life are propaganda and public opinion. If public opinion so formed is for the issue it usually succeeds. If against, it is likely headed for the scrap heap. What then is the present situation for you in regard to external causes influencing your mental attitude? It is favorable, because life insurance has served so well during the past decade, in a time when its help was greatly needed by millions of people.

Likewise, it is your job so to plan your personal, social and family activities that internal causes of low mental attitude will be completely banished.

When all is said and done, mental attitude is largely of your own making, and because it is, let's recognize the fundamental law. We must master our mental attitude or be mastered by it. A sale is as much a question of what you think as it is a question of what the prospect thinks.

Maybe there are men in your field who cannot buy life insurance at this time. But a good mental attitude is one which tells you that there are some men who can buy now and that by complete application of your own personal efforts, you can find them and go straight for the application by asking them to buy. And why shouldn't you?

The air is full of talk of social security. Whether you like it or not, we are going to have social security legislation as the law of the land. The extent of the legislation will depend on the need which exists for the relief of distress. The extent of this need will depend in an appreciable measure upon your effectiveness in really selling life insurance. The more adequate the life insurance spread, the less will be the need for future social legislation, creating as it does widow's pensions, old age pensions, unemployment insurance, and the like.

### All Problems Solved By Income

All of our problems can be solved by income. The extent to which life insurance furnishes money or income lessens proportionately the problems to be solved by private charity, legislation and, unfortunately, taxation. The first is premature death.

Tragedies take place. A dependent mother must face the proposition of staying with her children and starving or going out to get a job—if possible. Her entry into the business world makes the unemployment problem more acute. If her earning power is insufficient, the children are denied enough educational years. A few years added to school life is one of our

surest ways to decrease our appalling unemployment and at the same time go a long way to solve our crime problem. Remember, one father in five does not live long enough to see his kids through school.

The second, old age. Now let's see about living too long. Old people unemployed, with insufficient savings to care for their bodily wants, create a pathetic picture.

The old age group represents less than 6 percent of our total population, but if the present rate of advancing age continues, by 1975 we shall have 13 percent of our population age 65 or over.

Yes, America needs your full selling capacity. The American public is entitled to it. The plan just outlined will help you gain a worthwhile objective. It is simple, adequate, and above all, effective. It will bring to you the joy of a job well done. To yours, the things that can be had from a greater income—to America, a contribution that goes to the very heart of its difficulties—so—why not try it?

#### Amicable Life Contingent

The Amicable Life group numbers about 45. The \$100,000 producers are guests of the company. A get-together function will be held Thursday. Those looking after the party are: E. E. Roberts, agency director; Lucian T. Jones, San Antonio manager, and H. D. Mazon, Jr., Fort Worth manager.

#### Bankers of Iowa Dinner

Bankers Life of Iowa agency managers had a dinner at River Oaks Country Club Monday. The head office was represented by W. F. Winterble, director of agencies; M. F. Lewis, superintendent, and Ben Williams, assistant superintendent of agencies.

#### Supervisors Overflow Luncheon

The Supervisors luncheon Wednesday was an overflow affair. Reservations had been made for 75, but about 180 appeared. H. V. Jackson, Occidental Life, Houston, presided. J. Harry Wood, manager of general agencies John Hancock Mutual, was the speaker.

O. P. Schnabel, South Texas manager Jefferson Standard Life, San Antonio, is handing out cards with a penny on them with an admonishment "Save Today's Pennies for Tomorrow's Dollars."

The Life Underwriters Association of Canada is represented by A. J. Irving, Sun Life, Saskatoon, president; A. Gordon Nairn and L. W. Dunstall of the headquarters staff.

#### Presents Candidates for C.L.U. Designation



DR. DAVID McCAHAN  
Dean of American College

## Imagination Aids Agent to Discover Insurance Uses

### Producers Should Scan Social Scene as Embracing More Than One Dimension

By ISAAC S. KIBRICK  
New York Life, Brockton, Mass.

In spite of my large cases, I still place 40 or 50 small cases each year for what I call the primitive, primary wants of man. I enthuse now as much as ever when I sell to a worker in a factory a \$1,200 policy so that the widow will have a year's respite to find a job and to arrange for some relative to take care of the children while she is at work.

I feel as happy when I can convince a young man or young woman to save a dollar or two a week, because I see them in my mental eye as they will be 20 years later, stronger and happier because I convinced them to take the insurance and then helped them time and time again to keep the insurance in force, to save money even though temptation beset them to spend and spend.

You know the love of a man for his wife, and a father for his children. If you cannot enthuse over it so that your words are like fire, then spend half a day in some charitable organization and be present when widows pour out their souls with the question "What am I to do, where can I turn?", or go to a boys' club and have a director introduce you to a half dozen boys whose fathers have died without insurance; or go to the home for the aged poor kept by your county or city. The two or three days a year spent looking into how the other half lives will make your words burn when you see your prospects, and your work will become a blessing to those for whom you work and for your own soul.

#### Sale to Shoe Cutter

I said to a shoe cutter ten years ago, "Morris, \$2 a week will go a long way to buy bread and milk for your four children if anything happens to you. Even \$15 a week will keep the family together." He said, "It takes \$3 a week for milk alone now, and I cannot afford insurance." I insured him, nevertheless, for \$4,000 and when he passed away, the money lasted until his oldest boy and girl began to earn \$25 a week between them.

Two years ago one of the first endowments I ever sold matured and part of the money went for an operation for the man's wife, and the rest is paying the tuition in college for a boy who was not even born when I insured the father.

But life is not all tears and tragedy. "We get them where they are not" when we are conscious of the many sidedness of life. There is a young college man in a town near mine who bought \$15,000 from some agent while he was in college. This was all he could afford. I had to do much for him the last few years to keep it in force, changing the beneficiary when he got married. A baby was born, and I was adding the name of the baby as a contingent beneficiary when I said, "John, you really owe it to junior to provide for his education." He said the only money he had for this would be the \$50 his grandmother gave the baby. I went to see the grandmother. Of course she was happy to lay aside \$150 a year for junior's college education. She was even willing to have her son-in-law take another \$5,000 and she would help him pay for it. Thus, \$8,000 of insurance sprang up where there was none before.

I know a man who did not like to see me before he was 65 for fear that I might insure him in his weaker moments. After he reached 65, the door was always open

**92 YEARS of  
DEPENDABLE PERFORMANCE**



## A New Contract for the Youngsters

For nearly a century The Connecticut Mutual has been providing life insurance of the highest quality. The Company is now happy to announce an extension of this high type of service to boys and girls as young as five years of age.

**PLANS:** Endowment at 60; 20 Pay Endowment at 60; and 20 Year Endowment.

**BENEFITS:** Contract includes all major benefits of regular Company policies except that the death benefit prior to age 10 is the return of premiums.

**WAIVER OF PREMIUM:** Through a supplementary protective contract, all premiums are waived until the child is 21 years of age, in the event of the death of the applicant (parent, guardian, etc.)

**LIMITS:** \$10,000 for boys; \$5,000 for girls.

**CONNECTICUT MUTUAL**  
LIFE INSURANCE COMPANY • HARTFORD

for me and I was made welcome. Last month I said, "Wouldn't it be great if you arranged to give each of your five grandchildren \$5,000 as they reach the age of 21. Just imagine them then in blooming health, starting out full of ambition in a world all of their own; what greater fun than to see them receiving your gift of \$5,000. You don't have to wait until then to get a kick out of it. You can enjoy the thought of it every year on their birthday starting right now." We placed \$5,000 on a parent of each grandchild, the policy maturing as the child reaches age 21.

He paid the first premium and then created a trust and deposited in it \$20,000 to pay these premiums every year. In so doing the grandchildren are getting \$600 in interest from the money without having it subject to his own 30 percent income tax bracket.

Take the husband and wife, successful florists, set against insurance because each supposedly could take care of the business. They lost money on the stock market, on real estate, bonds, on a chicken farm. I said, "Why don't you try an annuity now that you have tried everything else?" They are contented now as they deposit \$1,200 yearly to build for themselves a comfortable old age.

I interviewed an owner of a textile mill. He was the owner of a business worth

\$400,000. He carried \$250,000 of personal insurance and was paying for an annuity to give him \$15,000 a year at 55. Business insurance in the ordinary sense would not apply because he had made up his mind that at his death the business could be liquidated for \$200,000. His children were too small and he had different plans for them.

#### Think of the Community

I said, "You chose a very beautiful village in which to build your factory. The lovely small homes, the school house, the churches are all prospering because of you. I just came by the remains of the Smith Mill. I hope your plant will never look like that. Of course the Smiths are well taken care of, what with insurance and a fortune built up when the mill was running, but what of the workers, of the foremen, the community?

"I only wish I had lived 30 years ago so that I might have saved both the business and the community. I would have persuaded the superintendent, the sales manager, office manager, etc., to arrange to buy the business from the heirs. I would have had them insure Mr. Smith so that they would have had the money with which to buy the business."

I insured him for \$200,000. Four men pay for the insurance and he helps them

pay for it. He has a customer for a substantial part of his business when he dies, he has four men who will train his children or children-in-law in the business, and he has also adopted the town and become a better and broader citizen.

#### Burden of Pensioners

We hear about people retiring at 60 or 65. We hear of corporations dropping employees when they reach the age of 50. It may be that in huge corporations that is the case. In medium sized business it is often just the other way around. A factory boasted that they had 50 men over the age of 70. In the competition of the last ten years that factory was at a great disadvantage. This old age, this slowing down is not as bad when it is at the bottom of the ladder, but when it is any one in an executive position, it may become fatal. The employer is torn between duty to an associate and the realities of the struggle. I painted that picture for a man who was only 43 and his associates were between the ages of 40 and 43.

I said "Wouldn't it be a good investment for you to make it possible for these executives to retire when they are 60? That is the time when you will need young blood." The result was \$90,000 annuity endowment on three lives; later we added \$20,000 on one, \$15,000 on another, and \$7,500 on the office manager. These men pay one-half

and the employer pays the other half. The executives are less worried and more loyal. He knows it is the price for insuring to himself a vigorous organization when he will be slowing down. That factory is going to remain in that community secure against the dry rot of an aging business. We find business where it is not when we identify ourselves with the lives of our communities and see the social scene on more than just one dimension of husband and wife, father and son.

#### Gift to Boston Symphony

I am fond of the Boston Symphony and I said to a man who frequents the concerts, "I suppose you would like to give the Symphony \$5,000 right now." He said "I would like to, but I haven't the money." I sold him \$25,000 of insurance in favor of the Symphony and made the premium exempt from income taxes by placing the ownership of the policy with the Symphony. That was getting business where it was not before. Life insurance can play a civic function.

Before the gift tax law came into operation, many people created living trusts. Many donors left themselves as the manager of their business and as the trustees over the trusts, and although these trusts are irrevocable, and although the donors have no rights under the trusts, I am suspicious of too much domination by the original donors.

#### Client Was Warned

A client of mine in New York created such a trust. From 1932 it grew in value until it was worth 1½ million dollars as he valued it and probably 2½ million dollars as the tax collector would value it. His associates had a similar trust. In 1935 I said, "I wish you would have your attorney go over the question of domination." I repeated it in 1936. In 1937 I said, "If the domination will make your trusts taxable as a part of your gross estate, what you have left for yourself will not half pay the tax on the whole estate. You had better see a good lawyer." When he did see an attorney, he said, "I don't know this man Kibrick, but I think he has something there."

I, too, knew I had something there and the largest policy of my career was the result. How else could these people keep their business intact, their trusts to perform what they set out to do, and have ready cash to pay a million dollars in death taxes in any other way than by laying aside \$30,000 or \$40,000 a year in insurance.

The kick I get from my work on cases comes long before they are written. Right now, in my mind's eye I am arranging the affairs of men and fitting insurance to their needs. I know what they will buy long before they even think of it. I am erecting a structure for them which will make them happier husbands, happier fathers, better employers and better citizens. The dreams I have of what is good for my clients is the backlog from which my tomorrow's business will come. I will make it grow where it is not.

#### Great American Life Has Party of 90 in Houston

Great American Life of San Antonio is holding its annual agency convention in Houston and Galveston this week. The party numbers about 90. Instead of holding business sessions, the group is attending the National association meetings. Friday afternoon all hands go to Galveston. On Saturday the party will enjoy a deep sea fishing excursion and that evening, a night club party.

The head office contingent consists of: C. E. Becker, president; R. H. Brand, executive vice-president; E. I. Lee and W. L. Dugger, vice-presidents; J. V. Whaley, assistant sales manager; H. L. Bridgman, home office general agent, and Blair MacPhail, advertising manager.

**Francis Hamilton**, past president of the New Haven, Conn., association and its national convention delegate, has been with the Travelers for 31 years.

## EDGEWATER BEACH HOTEL



### Your Convention Headquarters

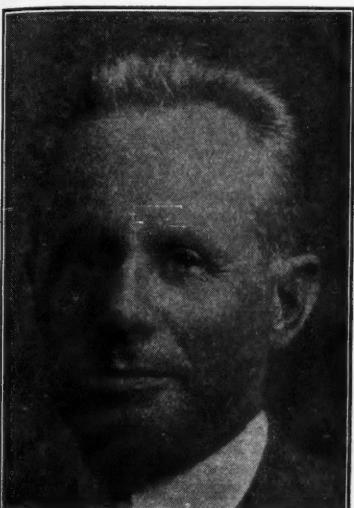
107 Insurance Organizations have chosen this unique Hotel on the beautiful shores of Lake Michigan as their meeting place. Ideally located with all modern facilities and unexcelled service for your every comfort and convenience it has played the role of the understanding host to the Insurance Fraternity year after year.

Make the Edgewater Beach Hotel your Convention Headquarters in Chicago—all the luxury and refinement that a private club would afford are yours.

ON LAKE MICHIGAN . . . . . 5300 BLOCK . . . . . SHERIDAN ROAD

In CHICAGO

## Tells How He Finds Them Where They Are Not



L. S. KIBRICK, Brockton, Mass.  
New York Life

## Separate Investment Advocates Ignore Hard Won Lessons

CONTINUED FROM PAGE 26

net outlay over the 30-year period would have been \$535—only \$47 more. For the \$47, the ordinary life policy would have had a cash value of \$491 as against nothing at all on the term. In the 30th year the net outlay under the term policy was

\$26.48. Under the ordinary life policy it would have been \$14.69. Had the term policy been renewed for the fourth 10-year period, the net outlay during the 31st year would have been \$61.46 as against \$14.67 for the ordinary life.

In the light of records like this, one becomes most indignant at the claims made by those who advocate renewable term insurance as the basis for long-range programs of life insurance protection. Renewable term insurance cruelly lets the policyholder down at the time when he still has great need of protection, and produces enemies for the company that has been carrying the risk.

We are so familiar with the invaluable service that level premium life insurance can render to the average man and his family that we are likely to take for granted that everyone else has the same knowledge. That, however, is not the case. Agents in the field occupy a most strategic position. Through you we can most effectively reach the people of this country with a ringing message as to what life insurance is and does. Moreover through you can we most effectively counteract misrepresentations of our business, so many of which are motivated by a desire for personal gain at the expense of policyholders.

Mrs. Jul Baumann, wife of the Pacific Mutual Life general agent at Houston, was stricken with infantile paralysis last week and she has been placed in a cast.

Vice-president John J. Moriarty and Secretary George E. Wall are representing the head office of American Mutual Life of Des Moines.

The Rice Hotel, convention headquarters, is on the site occupied by the capitol of the republic of Texas, 1837-42.

## COLORADO LIFE

A General Agency Company

Every opportunity for a real future offered to men and women with vision

### Complete Line of Accident and Health Policies

Low Rate Non-Participating Contracts

Low Net Cost Guaranteed—Bonus Policies

A Good Sub-Standard Department

Exclusive territory for Real Builders with a truly modern agency minded company.

\*

#### Our Texas General Agents:

GILMER G. AYCOCK • LUBBOCK  
D. E. BISHOP • BIG SPRING  
W. R. DUKE • WICHITA FALLS  
WALTER P. CRISLER • DALLAS

JOHN J. TOOMBS • ABILENE

T. B. KNIGHT • EL PASO  
W. W. MESTEMACHER • WESLACO  
MRS. LILLIAN OLIVER • ATLANTA  
W. L. PETTIGREW • EDGEWOOD



## GREETINGS N.A.L.U.

from OLD NEW ORLEANS • The agents and managers listed below send best wishes to those gathered in Houston for the 49th annual meeting of the great life insurance organization.

## GUY C. LYMAN

General Agent

### PACIFIC MUTUAL LIFE INSURANCE COMPANY

715 Hibernia Bank Building

## JAMES W. SMITHER

Manager, Louisiana and Southern Mississippi

### THE UNION CENTRAL LIFE INSURANCE COMPANY

1648 Canal Bank Building

## COLIN J. MacDONALD

Branch Manager

### SUN LIFE ASSURANCE OF CANADA

8th Floor American Bank Building

## DORIAN FLEMING

General Agent

### PENN MUTUAL LIFE INSURANCE COMPANY

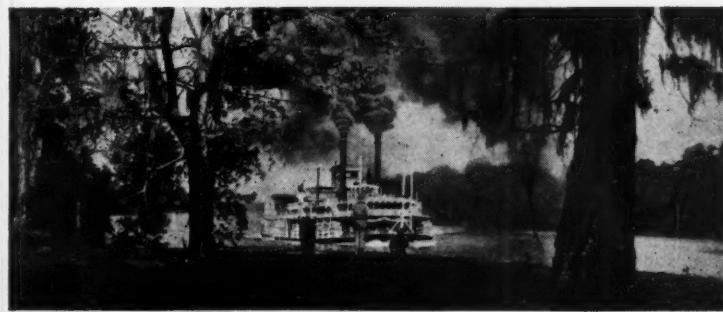
Canal Bank Building

## JOHN A. BUMSTEAD

Agency Manager

### THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

804-809 Hibernia Bank Building



## COLORADO LIFE COMPANY

HOME OFFICE

DENVER, COLORADO

## Less Drama in Thursday Session

CONTINUED FROM PAGE 5

ing place, but the fact that it is a half mile or so from the hotel tends to keep down the attendance. Lots of the conventioners like to prowl around, go into the meeting for awhile, then go to their rooms, have a cup of coffee or fraternize in the lobby. A good many don't get over to the auditorium.

The afternoon sessions Wednesday and Thursday were held in the ball room of the Rice hotel. Wednesday afternoon the session went far beyond the scheduled hour. It was scheduled to adjourn at 4:05, but it ran on until about 5:30. This was due to the many questions that were put to Denis B. Maduro, counsel for the New York City association, following his talk on wills. Mr. Maduro made a big hit here. He appeared before the Million Dollar Round Table meeting Tuesday and gave a discussion of estate and tax problems. He is complete master of his subject and is so expert that he can talk in simple, understandable terms on subjects that get bogged down in tech-

nicalities and jargon in the hands of others less expert.

### Small Group Stands By

Towards the end, at the Wednesday afternoon session Mr. Maduro was surrounded by a rather small group. Most of the audience had trickled out to watch the exciting session of the National Council a few doors down the hall—the session at which the report of the nominating committee was acted upon and how!

Then came a round of cocktail parties. Conventioners and their ladies switched to evening dress and the hotel took on a gala appearance for the President's ball. About 150 turned aside from the frivolity to attend the annual dinner of the National Chapter C.L.U., at which Dr. John A. Stevenson was the principal speaker.

Wednesday noon the ladies of the convention—agents and wives—were guests of the Houston association at a style show on the roof of the Rice. This, the ladies said, was first-class entertainment. Joseph S. Smith, general convention chairman, was master of ceremonies, being prompted by Mrs. Smith.

The luncheon of the Supervisors Association Wednesday was an overflow affair. Reservations were made for 75, but 180 appeared. J. Harry Wood, manager of gen-

eral agencies John Hancock Mutual, was the speaker.

The Thursday morning session opened with the conferment of C.L.U. degrees by the American College of Life Underwriters. In a novel introduction Chairman Charles J. Zimmerman, Connecticut Mutual, Chicago, told of the objectives of the college's work with comments by four voices. Formal statements regarding the college's standards were interspersed with informal comments on the public's growing appreciation of the constantly improving service being rendered by life insurance men.

President S. S. Huebner's review of the progress of the college and the C.L.U. work was presented by Dean David McCahan as Dr. Huebner was unable to be present. A new high mark was established this year in the C.L.U. movement with 1,150 candidates taking the examinations, an increase of 19 percent. Examinations were taken in 78 different universities and all sections of the country were represented by the candidates.

### Trend to Installment Basis

There is a decided trend toward taking the examinations on the installment basis, all except 2.7 percent of the candidates being on such a plan. Back in 1930 only 29 percent were on the installment basis, which indicates the progress which is being made toward establishing a four year C.L.U. educational program.

The conferment address was made by Dr. Ralph C. Hutchison, president of Washington & Jefferson College. He was introduced by Dr. McCahan. The qualities which must be developed to place life underwriting on a professional status were outlined by Dr. Hutchison. There must be a long, up-hill fight for qualities and ideals. A business becomes a profession only when the public says so out of its own heart.

The quality of the personnel is essential in attaining professional status, said Dr. Hutchison. Ultimately all members of the business should be afforded the advantages of a professional course. There is some-

thing more than aggressive salesmanship. The client is more interested in an agent who understands personal financial problems and responsibilities and who has a working knowledge of insurance and economics. A high standard in training would in itself aid in the selection of men of ability as an innumerable host of men lacking in essential professional qualities would be eliminated by the hard and arduous work required.

A long distance service objective is also essential, said Dr. Hutchison. It must have the overtone of some great purposes more important than the sales of policies.

Knowledge, technique and contacts should be harnessed with controlled energy in attaining successful production, said Eric G. Johnson, Pittsburgh supervisor and associate general agent of the Penn Mutual Life, in his address.

R. P. Thierbach, Cleveland, general agent Northwestern Mutual, formerly in the home office agency department of that company, talked on time control from the viewpoint of bettering the salesman's standing with the public—"If you and I are to survive in the public mind." He showed how it would improve the agent's presentation, his service to his clients and his efficiency in other respects.

The paper "Why Level Premium Life Insurance?" by M. A. Linton, president Provident Mutual Life, was sure to be a magnificent work. Mr. Linton has been a man upon whom thousands of agents have relied when they have come in contact with those operators who advocate term insurance under all circumstances and when they find that a policyholder or prospect has become confused and disturbed by such arguments. The volume "Life Insurance Speaks for Itself," by Mr. Linton has been an authoritative work that the agents have been able to use most effectively in combatting misrepresentations about the business and its mathematics.

In his Houston talk, Mr. Linton as usual made a thoughtful, persuasive presentation.

# THE BEST IN LIFE INSURANCE

In keeping with the BEST in Life Insurance stands the record of N. A. L. U. through the years.

Greetings and Best Wishes for  
a Great Convention in a  
Great State . . . Texas!

LIKEWISE—in keeping with the best in Life Insurance stands the 33 Year Record of Progress and Service of the INDIANAPOLIS LIFE INSURANCE COMPANY, a Legal Reserve, Mutual Company, known for keeping "QUALITY, SERVICE and SAFETY FIRST," and for its sound, conservative, well-rounded growth for a THIRD of a CENTURY.

**Over \$107,000,000.00 of Insurance in Force**

Excellent opportunities for Quality Underwriters in Indiana, Texas, Illinois, Ohio, Michigan, Iowa, California and Minnesota.

**INDIANAPOLIS LIFE INSURANCE COMPANY**

Indianapolis, Indiana

EDWARD B. RAUB, President

A. H. KAHLER, Supt. of Agents

★ **GREETINGS . . .**  
**TO THE**  
**49th ANNUAL**  
**CONVENTION**  
**OF THE**  
**NATIONAL ASSOCIATION**  
**LIFE UNDERWRITERS**

★  
**Recognized Everywhere As**  
**"ONE OF THE BEST"**

**CENTRAL LIFE**  
**ASSURANCE SOCIETY**

E. H. MULOCK—PRESIDENT

Home Office

Des Moines

He relied upon mathematics and technicalities for his arguments rather than adjectives, but he handled his figures in a human and lucid manner. The paper is a document that will serve the agents and the business well for a long time to come.

#### Strive to Keep Abreast

Isaac S. Kibrick, New York Life, Brockton, Mass., made a great hit in his address "Finding Them Where They Are Not." He gave several illustrations from his own experience to support his theory that production possibilities occur to the agent who looks upon the social scene as one embracing more than one dimension, who identifies himself with his community and who possesses imagination. The agent, he said, should strive to keep abreast of the complexities of the modern world and to be aware of how insurance can be the solution.

John A. Witherspoon, John Hancock, Nashville, a national trustee was chairman of the afternoon session. He is a gracious and considerate young man and there is no one in the association who enjoys greater personal popularity.

A. Leroy Johnson, Sun Life manager at Jacksonville, Fla., president of his state association, and a man who is coming to the front in National association affairs, presided over the panel on simplified selling.

John D. Moynahan, manager Metropolitan Life, Chicago, demonstrated the simplicity of the method by which industrial men are trained to sell ordinary policies and pointed out some of the advantages of the home interview as compared with one in the prospect's office.

#### Emphasizes Pertinent Data

In the simplified selling panel, Earl M. Schwemm, Chicago manager of Great-West Life, emphasized the importance of getting the pertinent information about the prospect. There is much wastage, he contended, because an attempt is made to sell before the prospect has been prepared for the sale. It is important to uncover the prospect's needs and to cause the prospect to see those needs that only insurance can solve. He suggested several techniques for getting the desired information.

Mrs. Martha Washburn Allin, Connecticut Mutual, Minneapolis, participating in the simplified selling panel, gave some suggestions as to the real needs of a woman whose husband dies. Too often, she said, life insurance programs are so designed that the woman is immediately pinched. There may be adequate monthly income and perhaps a college fund for the children, but there is not enough to take care of the immediate expenses and provide for readjustment. She said that there should be an adequate cleanup fund and readjustment income so that a widow can make her plans with some peace of mind. She conducted a hypothetical interview between an agent who arranged the program for the husband, and the widow, bringing out the widow's problem.

#### Conducts Sales Demonstration

A. M. Anderson, who is with Occidental Life in Pasadena, Cal., and is a lecturer and writer on life insurance selling technique, conducted a sales demonstration as a feature of the simplified selling panel. He demonstrated the use of his one-interview system. In 15 minutes he made the approach, qualified the prospect, obtained the interview on a program basis, secured the information and closed the deal.

Irvin Bendiner, New York Life, Philadelphia, the final speaker Thursday afternoon, gave a sustained address on business insurance. He gave detailed recommendations as to the handling of various phases of the transaction, including suggestions as to the terms of the agreement for sale of the assured's interest in the business upon his death. The agent's function is a creative one, he said. He should be well informed and be prepared to give helpful suggestions, but the actual legal work should be done by lawyers.

### C. L. U. National Chapter Holds Its Annual Dinner

The annual dinner of the National C.L.U. Chapter was held Wednesday night with about 150 in attendance. Kellogg Van Winkle, Equitable Society, retiring president of the National Chapter, presided. He introduced Ernest J. Clark, retiring chairman of the board of the American College of Life Underwriters; Julian S. Myrick, chairman elect; Mr. and Mrs. O. Sam Cummings, thanking Mrs. Cummings for the use of President Cummings, and Holgar J. Johnson, president designate of the National association.

After the address by John A. Stevenson, executive vice-president Penn Mutual Life, Mr. Van Winkle introduced Joseph H. Reese, Penn Mutual, Philadelphia, new president of the national chapter, who made a brief talk. He expressed confidence in the coming year because of the wonderful spirit of the members of the board.

Other new officers of the national chapter are: Vice-president, E. W. Brailey, New England Mutual, Cleveland; treasurer, L. E. Orcutt, Provident Mutual, New York; secretary, Dr. David McCahan, dean of American College; directors, G. W. Schoeffel, Oregon Mutual Life, Portland; H. K. Cassidy, Pacific Mutual Life, San Francisco; G. E. Lackey, Massachusetts Mutual, Detroit; William King, Mutual Benefit Life, St. Louis, and Retiring President Van Winkle.

#### Jefferson Standard Party Cheers Conquering Hero

Jefferson Standard's big fish dinner at Pier 21 Restaurant Wednesday night was an especially jubilant occasion because W. H. Andrews, Jr., home office general agent, had just been elected trustee of the National association and stood No. 1 in the balloting. He arrived at the restaurant after the party of about 125 had started the dinner. When he was sighted, cheers went up from all sides, flashlights boomed (whenever there is a Jefferson Standard affair there is always a camera man or two around), and Bill Andrews ran the gauntlet of back slappers.

#### Manager's Paper Studied

Those who have read the September edition of the "Manager's Magazine," which was one of the items in the kit that was given to those who registered for the Managers Section meeting Tuesday, are impressed with its content. Articles by C. J. Zimmerman, Connecticut Mutual, Chicago, and O. D. Douglas, Lincoln National, San Antonio, were especially interesting as well as the explanation of the new geographical division of responsibility in the Managers Section. L. S. Chapman of the Research Bureau staff is the editor. He is also secretary of the Managers Section.

#### Executive Secretaries Confer

The four executive secretaries of local associations who are in attendance at the convention got together at a breakfast conference for the discussion of common problems. They are John M. Hughes, New York City; Miss Joy M. Luidens, Chicago; E. M. Aiken, Pittsburgh, and Joseph Charleville, Los Angeles.

#### Great Southern Entertains

Great Southern Life was host to dozens of the conventionists at a cocktail hour Wednesday afternoon at the Rice hotel. A large suite was reserved and the home office executive staff, headed by President E. P. Greenwood extended cordial hospitality.

Executive Vice-president John A. Stevenson and Vice-President Alexander E. Patterson, former National association president, head the Penn Mutual contingent.



*Fifty-four years of congenial three-point cooperation... Company-Agent-Policyowner... the utmost in service to the man who buys... and the fullest collaboration with the man who sells.*

*The Franklin,*



**MINNESOTA MUTUAL  
LIFE INSURANCE  
COMPANY**

Hopes that the **National Association of Life Underwriters** Convention at Houston will be as happy over the Success of the Convention as **The Minnesota Mutual** is over the Success of its "All-in-One Family Policy".



**THE MINNESOTA MUTUAL  
LIFE INSURANCE COMPANY**

**St. Paul**

### Trying to Sell Before Getting Facts Wasteful

**CONTINUED FROM PAGE 7**

(1) Young man, single, college graduate, needs clean-up insurance and old age income insurance.

(2) Young married man, no children, new home, needs clean-up insurance, mortgage policy, income for wife.

(3) Married man, with children, home paid for, needs clean-up insurance, larger dependency period income, smaller income for wife for life after dependency period; educational provisions, emergency fund.

(4) Rich man needs regular, plus provisions for taxes, etc.

There are several mechanical devices to interest the prospect along lines that will aid the salesman in determining the prospect's requirements. In Chicago several salesmen are having success in using Louis Behr's Viso Wallet to arouse interest, and thus get facts to distribute the prospect's insurance and find needs for new insurance.

Other devices that develop needs and aid the salesman in obtaining facts are the optional settlement slide rule, social security slide rule, Hiller's budget rule.

## THE JEFFERSON STANDARD IN TEXAS

### TEXAS FIELD STAFF

AMARILLO L. R. Cleninger Manager	DALLAS R. M. White Manager
EL PASO L. S. Douglas Manager	FORT WORTH F. L. Hargis Manager
HOUSTON Horace R. Smith Manager	SAN ANTONIO O. P. Schaebel Manager

WICHITA FALLS G. H. Watson Manager
--

\*  
Seven Branch Offices

\*  
Thirteen District Offices

\*  
One hundred and seventy-five  
Life Underwriters

### TEXAS RECORD

#### INSURANCE IN FORCE

\$65,000,000

\*

#### POLICIES IN FORCE

30,000

\*

#### INVESTMENTS

\$9,000,000

\*

#### SERVICE FOR TEXAS

We lead all major U. S. companies in rate of interest earned. (5.1% 1937). We lead all major U. S. companies in rate of interest paid on funds held in trust. . . . 5%.

We pay more income under "principal plus interest" settlement option than any other company in North America.

A modern aggressive sales program featuring by outstanding merchandising plans.

\*Flitcraft.

## JEFFERSON STANDARD LIFE INSURANCE COMPANY

JULIAN PRICE, President

GREENSBORO, N. C.

\$377,000,000 LIFE INSURANCE IN FORCE

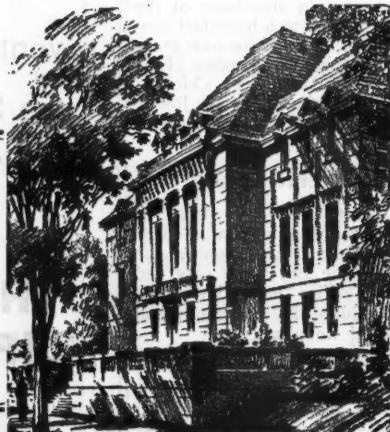
## Greetings to N. A. L. U. Members

COME TO ST. LOUIS IN 1939

## CENTRAL STATES LIFE INSURANCE COMPANY

St. Louis, Mo.

Alfred Fairbank, Pres.



## Committee Reports Review Results of Year's Work

The detailed reading of committee reports, which has taken up much time at previous pre-convention meetings of the national council, was sidetracked this year. Mimeographed copies of the reports were available for those who wanted them, and the reports themselves were summarized very briefly by the chairmen or by President Cummings in their absence, that part of the program being subordinated to the session dealing with local association activities.

At the opening of the session, the past year's activities were reviewed by President Cummings and Roger B. Hull, managing director, and very brief reports were made by Holgar J. Johnson, vice president, and C. J. Zimmerman, secretary. Mr. Zimmerman also reported as chairman of the program committee, calling attention to some of the entertainment features and stating that the committee had complied with the desire of some members as expressed in answers to a questionnaire by eliminating conflicting seminar sessions and giving more field men a place on the program. In that connection he pointed out that the speakers include 14 field men, 8 outsiders, 7 general agents and 4 home office men.

### Agency Practices Report

The report of the agency practices committee, prepared by former President L. O. Schriver, Aetna Life, Peoria, Illinois, who was unable to be present on account of his health, reviewed the action of the Life Agency Officers Association in standing by the agency practices agreement, in spite of the withdrawal of one large company, and said that sentiment in the field has become articulate to the extent that local associations and at least one state association have adopted resolutions endorsing the purpose of the agreement. The belief was expressed that so far as the field is concerned there is more sentiment for and a more intelligent understanding of the purposes of the agency practices agreement than at any time since its adoption.

The committee further expressed the opinion that the consummation of the purposes of this agreement is something that cannot be accomplished in a year or even five years, but that it is a sufficiently meritorious enterprise to

warrant aggressive prosecution as a part of the permanent program of the National Association.

### Educational Activities

Ray Hodges, Ohio National, Cincinnati, chairman of the educational committee, also was unable to be present, and his report was summarized by President Cummings. It stressed the desirability of the adoption of the "St. Louis plan" for study courses, the distribution of 2500 copies of M. A. Linton's book, "Life Insurance Speaks for Itself," to all college and public libraries in local association territories, and the placing of nearly 20,000 copies of the Cleveland booklet, prepared to give secondary school teachers and their pupils a fundamental background in life insurance, in their high schools by 50 local associations.

Miss Helen Summy, Equitable Society, St. Joseph, Missouri, chairman of the women's committee, told of the work of the women's sections established by several associations and urged the establishment of more such sections. She said the aim of the committee is to make more efficient women underwriters and more intelligent women buyers. She spoke briefly of a questionnaire sent out to women policyholders, on how and why they bought, and the interesting replies received. She said the returns on this questionnaire had greatly stimulated selling to women.

Isadore Samuels, New England Mutual, Denver, chairman of the "On to Houston" committee, said there was little for that committee to report, with the Houston convention now an established fact. He urged greater effort to stimulate attendance of national council members at its meetings, and said that the 325 who did not attend Monday's meeting certainly missed something.

The report of the committee on cooperation with attorneys, submitted by George E. Lackey, Massachusetts Mutual, Detroit, told of the contacts made by the chairman during the past year and recommended an extension of the activities by both National and State associations. One result of the committee's activities was the placing of General Counsel Hull on the program of the insurance section of the American Bar Association.

The committee on cooperation with the U. S. Chamber of Commerce, headed by Julian S. Myrick, Mutual Life of New York, New York City, reported a steady progress in organization relationship and reviewed some of the insurance activities of the U. S. Chamber during the past year. Mr. Myrick is a member of its insurance committee.

### Ex-Presidents on Hand

Former presidents of the National association on hand for the opening session included Neil D. Sills, Sun Life of Canada, Richmond; E. J. Clark, John Hancock Mutual Life, Baltimore; John Newton Russell, Pacific Mutual Life, Los Angeles; J. Stanley Edwards, Aetna Life, Denver; Julian S. Myrick, Mutual Life of New York, New York City; A. E. Patterson, vice-president, Penn Mutual, Philadelphia; C. C. Thompson, Metropolitan Life, Seattle; George E. Lackey, Massachusetts Mutual Life, Detroit; C. Vivian Anderson, Provident Mutual Life, Cincinnati.

Most of them took a very prominent part in the pre-convention activities the early part of the week.

Thomas M. Scott, Penn Mutual, Philadelphia, former chairman of the Million Dollar Round Table, who was on a trip abroad, sent a letter from Italy.

# Principles for Handling Business Insurance Cases

By IRVIN BENDINER  
New York Life, Philadelphia

There are but three things which an individual can do to provide effectively for the disposition of his business interests in the event of his death. He may elect to make provision to keep it for the benefit of his family. He may elect to give it away to valuable employees, or others, or he may elect to sell it or have it disposed of through sale.

If he elects to keep it, he must consider other problems. Keep it for whom? How to keep it? Keep it with what? And the answers become more difficult. He may desire to keep it for the purpose to provide an income to his wife, and for the benefit of his children, with the hope that the children will grow up and go into the business. But is his estate of sufficient size and in sufficiently liquid position to permit the business to be maintained and kept? Will individuals in the firm continue to manage it for the benefit of strangers, particularly when they do not receive the benefit of advice and direction? If the estate contains adequate life insurance, the proceeds may be utilized to maintain the wife and children, until the children grow into the business. Or life insurance may be used to stabilize the business, until the children come into it. Insurance may make it possible for an individual to keep the business for the benefit of the wife and children.

#### Gratuitous Impulse

The average business man dreams at times of a future in the business, which will permit him to reward faithful employees with a share in the business, but does the estate of the average man permit a gratuitous disposition of the business, without recompense to the family? If there were adequate insurance in the estate, it might be possible for the wife and children to look to the insurance for their maintenance and to permit the business to be disposed of to the faithful employees.

The third alternative becomes the only one which is practical to meet the usual situation, and that is to sell the business or provide for its sale after death. If the business is to be sold, the business man during his lifetime is the best salesman. Is he not during his lifetime the proper person to arrange the terms of the sales, select the buyers, fix the price, and arrange the manner in which the price is to be paid? It is apparent that the value of a business as a going concern is greater than the value of a business in liquidation, and sold because of necessity.

#### Selling the Business

If we agree that in the average case the business must be sold, examine the problem. We contemplate the execution of a purchase and sale agreement during the lifetime of the business man, to be effective at the time of his death. The business should be sold to the individuals who are capable of paying the highest price—the associates in the business. The business man can arrange an agreement, or reciprocal agreement, which will provide for the passage of title in the business at the time of death.

It is not absolutely necessary that the price be fixed with accuracy. The parties may elect to take a fixed sum, to take the par value or the market value of the stock, or the book value as shown on a date, or they may elect to set up a formula which will provide for the average of book value over a period of three or five years prior to the death of the individual, or they may capitalize earnings over the same period, or they may average the capitalization of earnings with the average book value over a period, or they may elect to take the book value of fixed assets with a formula provided to determine the value of good

will or a group of appraisers may be appointed.

How is the purchase price to be paid? The agreement may provide any one of several methods. The purchaser might borrow the money but there are objections.

During the lifetime of the business man, a sinking fund may be created for the purpose of eventual business liquidation. The objection to this procedure is that sinking funds are difficult as a practical matter, and when created are usually invested in the business, and become subject to the same hazards which affect the business generally.

The purchasers might liquidate the purchase price through issuance of notes.

#### Self-Completing Sinking Fund

The one solution which affords a complete and satisfactory solution is the purchase during the lifetime of the business man of adequate insurance properly arranged. It will provide the fund in cash in the proper amount, at the time of death, and at a cost which is substantially lower than the legal rate of interest.

Insurance provides a self-completing sinking fund, payable in cash, providing the money when needed.

The insurance should be applied for and owned by those who expect to enjoy its benefits. If the insurance is for the benefit of the surviving partner, it should be owned by him. If it is for the benefit of a corporation, it should be owned by it. If for the benefit of the decedent, it properly may be owned by him. In the average case, the insurance should be applied for by the person who is to become its owner.

The amount of insurance is to be related directly to the purchase price. It is not necessary that all the insurance be purchased at the one time. It is proper to suggest the creation of a program, commence the program, and add to it. The amount of insurance or the amount of the purchase price should fluctuate in accordance with the fluctuation in the value of the business, or the manner in which the formula for determining value of the business fluctuates.

If a large amount of insurance is required to meet a temporary situation, and the finances are limited, term insurance may be prescribed. Ordinary life is to be prescribed where there is need for the maximum amount of protection, with a limited amount of money. If additional funds exist, limited payment life policies may be used, and if maturity values are desired, and finances permit, endowment contracts can be suggested. Existing life insurance upon the lives of the individual business men can be used, if the value of such policies can be determined and proper compensation paid to the owners for their use for business purposes.

Care should be taken in assignment or transfer of existing policies, in order to anticipate tax problems which will develop where policies are transferred for a consideration, and income tax may be imposed upon policy proceeds to the extent that they exceed the consideration paid.

Where some of the individuals are uninsurable, the business may set up a sinking fund for them; annuities, when available, may be used; and in most cases, high reserve insurance can be purchased upon the lives of insurable individuals in order to provide the surrender values as a sinking fund to be utilized upon the death of the uninsurable member.

The premium should be paid by the individual who derives the benefit from the policy. In the absence of agreement, this is the rule. However, the agreement may provide that the premiums are to be dis-

CONTINUED ON PAGE 39

# PROGRESSIVE STRONG

Write if interested in a  
Permanent Connection



**NORTH AMERICAN LIFE INSURANCE COMPANY**

E. S. ASHBROOK **OF CHICAGO.** PAUL McNAMARA  
*President* *Vice-President*

JOHN H. McNAMARA  
*Founder*

North American Building, Chicago, Illinois



**INSURANCE COMPANY**

OLD LINE LEGAL RESERVE

A PROGRESSIVE COMPANY WRITING A FULL LINE OF DIVERSIFIED POLICIES. OPERATING UNDER THE LEGAL RESERVE LAWS OF TEXAS. INQUIRIES SOLICITED FROM MEN OF CHARACTER AND RESPONSIBILITY CONTEMPLATING A CAREER IN THE FIELD OF LIFE INSURANCE UNDERWRITING. A UNIQUE AGENCY CONTRACT WITH PROFIT SHARING FEATURES OFFERED TO MEN OF ABILITY.

**CAPITAL AND SURPLUS  
OVER . . . \$400,000.00**

TROY V. POST, President

DALLAS, TEXAS



Top row (left to right)—J. S. Myrick, Mutual Life, New York; A. E. Patterson, vice-president Penn Mutual.

Second row—Roscoe Arnett, Connecticut General, San Diego; Mrs. G. A. Ralls, Minnesota Mutual, Houston.

Third row—B. H. Walker, president Life of Virginia; J. L. McMillin, Mutual Life, Philadelphia.

Fourth row—Col. C. B. Robbins, manager American Life Convention; B. A. Donnelly, executive vice-president Southland Life.

## A HEARTY TEXAS WELCOME

to the members of the

### NATIONAL ASSOCIATION OF LIFE UNDERWRITERS

*It is an honor and a  
pleasure to have you  
meet in Texas*

## WESTERN RESERVE LIFE INSURANCE COMPANY

A. F. ASHFORD, President

SAN ANGELO, TEXAS

## WHAT DO YOU MEAN . . .

*"Both Hands"?*

Just this: Monarch agents have a high closing ratio in selling Monarch NONCANCELLABLE accident and health insurance. That's ONE HAND.

Claims paid under NONCANCELLABLE accident and health policies build good will in the community and lead to the sale of MONARCH low cost participating life insurance. That's THE OTHER HAND.

Monarch agents sell COMPLETE family protection by representing ONE company.

## MONARCH LIFE INSURANCE COMPANY

SPRINGFIELD, MASSACHUSETTS

**"MONARCH AGENTS WORK WITH BOTH HANDS"**

## Principles for Handling Business Insurance Cases

CONTINUED FROM PAGE 37

tributed in the same proportion as the individuals have interest in the business, or distributed among the individuals, in equal shares. There is no objection to permitting the parties to agree on any basis, acceptable to all of them.

An agreement should provide that the rights in the policies are to belong to the entire group and not to any individual; that policies cannot be surrendered without the consent of all of the members; that policies cannot be borrowed upon without the consent of all members. The agreement should provide as to the disposition to be made of the disability benefits and double indemnity benefits.

### Insufficient Insurance

The agreement should provide for the procedure, if at the time of death, the insurance is not sufficient to pay the entire purchase price. This situation can be met by requiring the surviving partner or stockholder to issue promissory notes to be secured by the proprietary or stock interest which he receives, until the notes are paid. The agreement should make provision in the event the amount of insurance exceeds the value of the business. The individuals can make an agreement among themselves.

If the insurance is to be placed upon stockholders in a close corporation, and if it is a purchase and sale agreement, a provision should be set forth that the stock is to be endorsed by the nominal owners, in blank, and held by a trustee for the purposes of the agreement. The right to vote the stock and the right to receive the dividends should remain with the individual owners, although the voting trustees shall be appointed for the purpose of voting the stock.

The agreement should provide for a term during which it shall continue. Provision should be made for withdrawal from the agreement by parties to it.

There is no objection to an agreement between A and B, providing for the passing of their respective interests to the survivor upon the death of each, in exchange for life insurance proceeds to be paid to the wife of the decedent. Care should be taken to have the wives, respectively, consent to the execution of the agreement, and to have the wills of A and B provide that the executor is directed to carry out the agreement.

Life underwriters should seek the advice of an attorney and should suggest to the business men that an attorney prepare all of the papers.

The underwriter should be creative. He should be well informed and should be in position to make many helpful suggestions to the business man; it is the province of the lawyer to advise the business man and the underwriter upon the legal phases of the problem.

### Readjustment Income Is Widow's Greatest Need

CONTINUED FROM PAGE 7

him in high school. I'll have to let the refrigerator go, too. I can't pay for that. We'll have to sell this house, my home, for anything I can get. And there really is enough insurance there, if I could only have a little more for a year or two. I've had \$250 per month to run the house, the boy and myself—and you and Frank expected me to change over night to \$100 per month."

The only equivalent of the time Mrs. Smith needs for readjustment is money in an adequate readjustment income for a year or two. Give her half her husband's salary for a year or two. That

is nearly as much as she was having to manage on.

I should like to see insurance programs planned more and more with the heart, not just with rate books.

Instead of this type of program often found:

\$1,500 clean-up; \$100 per month until the boy grows; \$50 per month to the wife for life thereafter; \$2,000 for college funds.

I recommend:

\$2,500 clean-up; \$200 per month for two years; \$78 per month until son is

grown; \$50 per month for life to wife; college funds subject to change by mother.

Fifty percent of her husband's income is the right amount for a readjustment income, because in most families a man uses about 40 percent for his own expenses and his life insurance.

She normally gets about 60 percent for herself and the family and home. A drop to 50 percent of the total is a slight cut but not upsetting the current standard of living. It gives her time to plan.

## GREETINGS TO THE N. A. L. U.

FROM

LITTLE ROCK  
OKLAHOMA CITY

MEMPHIS  
SAN FRANCISCO

### Newton B. Weese

General Agent

THE  
LINCOLN NATIONAL LIFE  
INSURANCE COMPANY



Donaghey  
Bldg.

Little Rock,  
Ark.

### Jeff Gros

General Agent

STATE MUTUAL LIFE  
ASSURANCE CO.

1445 Commerce Title Bldg.  
MEMPHIS, TENN.

C. C. Day and Associates join with the underwriters of the country in welcoming the underwriters of the nation to the first Southwest National Underwriters Convention.

Here's our hand.

### C. C. DAY

General Agent

Oklahoma City, Oklahoma

PACIFIC MUTUAL LIFE INSURANCE CO.

"THE EYES OF TEXAS ARE UPON YOU"

### W. J. ARNETTE

Manager

J. M. MITCHELL, Ass't. Mgr.

FIDELITY MUTUAL  
LIFE INSURANCE CO.

Mills Building San Francisco

### James O. Jensen

General Agent

HOME LIFE  
INSURANCE CO.

OF NEW YORK

\*

111 Sutter San Francisco

- That Fidelity is now in its Sixtieth year, having been founded December 2, 1878?
- That it operates in 37 states, including New York and the New England states, on a 3% reserve basis, full level net premium?
- That it has more than 100,000 policyholders, more than \$117,000,000 in assets and more than \$362,000,000 of insurance in force?
- That it originated the Disability provision on October 16, 1896 and, on approval, provides disability income benefits of \$10 per thousand with its famous "Income for Life" plan which it originated December 24, 1902?

**The FIDELITY MUTUAL LIFE  
INSURANCE COMPANY  
PHILADELPHIA**

WALTER LEMAR TALBOT, President

## Houston Teaches a Lesson

Houston was not always a place where one could watch great ships that go down to the sea. But Houston took advantage of an opportunity, turned a straggling bayou into a deep-water ship channel, and now ranks thirtieth among ports of the world. In short, Houston "made her own conditions."

Isn't there a lesson here which those attending this year's convention of the National Association of Life Underwriters may well carry home with them?

## LIFE INSURANCE COMPANY of VIRGINIA

Richmond

(Established 1871)

BRADFORD H. WALKER, President

# Greetings!

## National Association of Life Underwriters



## GUARANTEE MUTUAL LIFE COMPANY

OMAHA, NEBRASKA

A. B. OLSON, Agency Vice President

TOLBERT F. POYNOR, General Agent  
1024-25 Electric Bldg.  
Houston, Texas.

J. W. TIMMONS, General Agent  
222 Blackburn Bldg.  
Amarillo, Texas.

GUY O. STREET, General Agent  
702-4 W. T. Waggoner Bldg.  
Fort Worth, Texas.

A. D. LEAVELL, General Agent  
Osborn Bldg.  
McAllen, Texas.

## Myrick Selected for Trustee Post, Breaking Slate

CONTINUED FROM PAGE 5

Johnson, Sun Life, Jacksonville, Fla.; John Prins, Metropolitan Life, Tacoma, Wash., and H. K. Schoch, Aetna Life, Detroit.

St. Louis was selected unanimously for the 1939 convention city.

The large number of active candidates for trustee has caused the political activity to be the most intense for a number of years. Not for many years has there been so much campaigning, buttonholing of council members and so many corner caucuses as there were all afternoon Wednesday. If all of the people who were giving their attention primarily to politics could have been rounded up for the convention session, which overflowed the Rice hotel ballroom as it was, it would have required a convention hall nearly twice as large to take care of them.

Mr. Myrick's selection, in spite of his rejection by the committee, is due to his great personal popularity and the great service he has rendered to the institution of life insurance, which was sufficient to overcome in his case the effect of the strong sentiment that has grown up against having former presidents as trustees and in favor of bringing in new men for that board. Ralph G. Engelsman, Penn Mutual, New York, who nominated Mr. Myrick from the floor, said he was in favor of that idea in principle, but thought an exception should be made in this particular case, and apparently that was the feeling among the members of the council.

### Stresses Legislative Work

Mr. Engelsman particularly stressed the work Mr. Myrick did in connection with the savings bank life insurance bill in New York, in placing a limit on the amount of insurance that may be written, as against the wide-open provision of the Massachusetts law. He said that as passed the measure is innocuous, but still satisfied the agitators for social reform. He declared that it is a great advantage to have a man of such prestige as Mr. Myrick enjoys nationally representing it.

The nomination was seconded by R. L. Jones, national treasurer, who spoke of Mr. Myrick's activity on the financial side of National association work; George E. Lackey of Detroit, former president, who emphasized his connection with the American College and his work in Washington.

Although the council meeting was delayed by the fact that the main convention session was late in concluding, the section reserved for council members in front of the fence that had been erected to separate the sheep from the goats was packed and the crowd was getting restless some time before President O. Sam Cummings arrived from the other meeting to preside at the council session. They were interested in politics and not in speeches, and wanted to get down to business.

### Convention Invitations Received

The preliminaries were quickly disposed of and after the nominating speeches for Mr. Myrick the balloting started under the supervision of Dallas Alderman, Kansas City Life, Kansas City, chairman of the election committees, and a corps of assistants named by President Cummings.

When that committee retired to count the votes it was announced that invitations for the 1939 convention would be received, and a time limit of five minutes was placed on each city. Adam Rosenthal, immediate past president of the St. Louis association, pre-

sented the invitation for that city, which was seconded by the president of the Ohio association. A convention bureau representative from Atlantic City was given the floor to present its invitation, but the council did not seem to take it very seriously, as evidenced by a suspension of the by-laws requiring a ballot on the meeting place in order to give it to St. Louis by acclamation.

H. G. Wischmeyer, John Hancock, Cleveland, presented its invitation for 1940, when the Cleveland association will celebrate its golden jubilee. He said he was speaking also for the Ohio association and all the local associations in that state. He referred to the fact that the Cincinnati association, organized in 1872, is the oldest in the country and that Ohio organized the first state association.

Roscoe Arnett, Connecticut General, president of the San Diego, Cal., association, also extended an invitation for 1940, backed up by a stirring California booster talk from an "official representative" of the city of San Diego.

After Mr. Engelsman had given a tentative invitation from New York for 1941, saying, however, that if any other city wanted the convention very badly that year it would be willing to wait until later, J. Lee Denson, Jefferson Standard, Jackson, president of the Mississippi association, said that state would present an invitation for 1941 that would not be lukewarm, but red-hot. Former President C. C. Thompson also tossed Seattle's hat in the ring for '41.

F. Edward Walker, United Benefit Life, president Salt Lake City association, repeated its invitation for 1947, Utah's centennial year.

### Harry Wright Situation

The selection of Harry T. Wright for national secretary was quite a surprise. The only one who had been mentioned for the position publicly was Lara P. Good, Prudential, San Diego. Most observers took it for granted that Mr. Good would be the choice of the nominating committee. However, some of the influential leaders who are pulling the strings and looking several years into the future felt that the tradition should be established of making the job of secretary a stepping stone to the vice-presidency and then to the presidency. That was the course for C. J. Zimmerman. Others felt that the secretary's position should be a final goal for men who are not destined for the presidency. Those committed to the first theory prevailed.

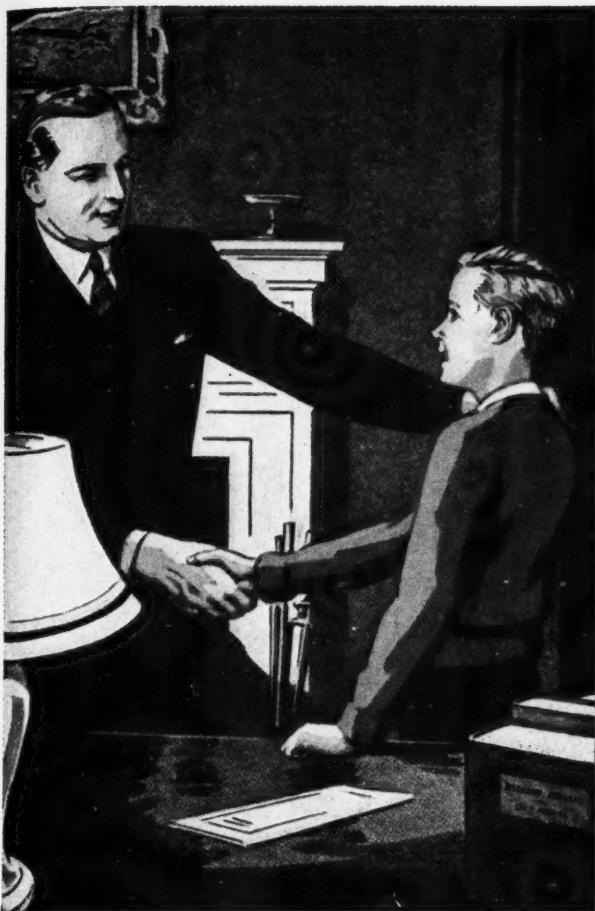
Harry Wright has been regarded definitely as presidential material for several years. The only question has been one of timing. Next year, in the ordinary course, he would have been the logical man for vice-president. But Mr. Zimmerman was moved from Newark to Chicago by Connecticut Mutual, and that meant two Chicagoans following each other in the presidency. Some felt that this sequence could not be brought about and that Mr. Wright, whose term as trustee expires next year might be reelected as trustee and in 1940 or 1941 be elected as vice-president.

The leaders, however, came to the conclusion that Mr. Wright, on the basis of personality, performance, and prominence, is the logical man and that the geographical factor should be disregarded. The fact that Mr. Wright is a personal producer is greatly in his favor. The danger is appreciated of having the association monopolized by general agents.

It is understood that in the balloting for trustee Andrews received 126 votes; Colborn 118, Myrick 104, Hedges 96, Taggart 91, Yates 85 and Duff 82.

Grant Taggart was something of a dark horse. No open campaign had been made in his behalf.

Tom B. Reed of Oklahoma City, million dollar producer of the Great Southern Life, who was on hand for both the Million Dollar Round Table and the general sessions, is the Republican candidate for insurance commissioner in Oklahoma, opposing Jess G. Read, incumbent.



"Let's shake on it"

## A NEW Sales AID GOOD THE YEAR 'ROUND

"Let's Shake On It", emphasizing juvenile insurance, is a new member of the direct mail advertising family which faithfully serves our field representatives.

There are now forty pieces in our line which is probably one of the most extensive direct mail advertising services offered by any life insurance company.

The records for 1935-6-7 show that during this period, our agents sold an average of one among every 14 people cultivated by the advertising.

Each letter and folder carries to the prospect the name of our representative who will call, thereby individualizing the advertising for our salesmen.



MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY  
SPRINGFIELD, MASSACHUSETTS

Bertrand J. Perry, President

Second Convention Daily

# WELCOME, NEIGHBOR.

General Library of  
University of  
Michigan  
Ann Arbor Mich  
Life S

Legal Reserve Life Insurance  
is Visiting N. A. L. U.  
in Houston

Texas is highly honored with this opportunity of opening its portals to America's leading life insurance underwriters, and it is earnestly hoped that visiting N. A. L. U. Delegates will find their stay in the Lone Star State extremely enjoyable.

It was eight years ago this month that the Great American Life first spread its fledgling wings over Texas; to the lasting pride of its founders in having chosen an Empire so fertile, so friendly, and so favored. In these eight years the Great American Life Insurance Company has risen from obscurity to a position of eminence among the South's foremost financial institutions . . . among the leading life insurance companies of the land.

Including all stock legal reserve life insurance companies organized in the United States during the last two decades there are only 7 today that possess an amount of cash Capital and Surplus (policyholders' surplus) equal to or greater than that of the Great American Life.

This pace of progress, coupled with the company's record of numerous unparalleled achievements, provides rare opportunity for the underwriter whose goal is greater heights of success in this business.

CAPITAL & SURPLUS OVER ONE MILLION DOLLARS

The  
**GREAT AMERICAN LIFE  
INSURANCE COMPANY**  
CHAS. E. BECKER, President

A TEXAS OLD LINE LEGAL RESERVE INSTITUTION

